



# A Study on Receivables Management and Billing & Taxation At Maruthi Aircon Engineering

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## ABSTRACT

Receivables management and billing & taxation play a crucial role in maintaining the financial stability and operational efficiency of an organization. This study focuses on analyzing the receivables management practices and billing & taxation procedures followed at Maruthi Aircon Engineering. Efficient management of receivables ensures timely collection of payments, improves cash flow, reduces bad debts, and supports smooth business operations. Likewise, an effective billing and taxation system ensures accurate invoice generation, GST compliance, and proper financial reporting.

The study adopts a descriptive and analytical research design using both primary and secondary data sources. Primary data is collected through discussions with employees and management, while secondary data is gathered from company financial records, GST reports, invoices, and receivable statements covering the period from 2020 to 2024. Various analytical tools such as ratio analysis, ageing analysis, percentage analysis, trend analysis, and comparative analysis are used to evaluate the efficiency of receivables management and billing operations.

The findings of the study indicate that effective receivables management contributes significantly to improving liquidity and working capital management. Proper billing systems and timely

taxation compliance help reduce financial errors and enhance organizational transparency. The study also identifies issues such as delayed customer payments, billing inaccuracies, and taxation complexities that affect operational performance.

Finally, the study suggests measures such as automation of billing systems, implementation of strict credit policies, regular follow-up procedures, and continuous GST compliance monitoring to improve overall financial efficiency and receivables management practices at Maruthi Aircon Engineering.



## INTRODUCTION

Receivables management is an important part of financial management that focuses on the collection of money owed by customers for goods or services provided on credit. It plays a significant role in maintaining the liquidity and working capital position of an organization. Efficient receivables management ensures timely collection of outstanding payments, reduces bad debts, and improves the overall financial stability of the business. In today's competitive business environment, organizations must adopt effective receivables management practices to maintain smooth cash flow and operational efficiency.

Billing and taxation are also essential components of financial administration in every organization. Billing refers to the process of generating invoices for customers based on products sold or services provided. Accurate billing systems help organizations maintain proper accounting records, avoid financial disputes, and improve customer satisfaction. Taxation, particularly Goods and Services Tax (GST), is an important legal requirement that organizations must comply with to avoid penalties and maintain transparency in financial transactions.

Maruthi Aircon Engineering is engaged in air-conditioning engineering and related services, where customer transactions, invoice generation, and taxation procedures are regularly carried out. Since many transactions are performed on a credit basis, effective receivables management becomes necessary to ensure timely collection of dues and efficient working capital management. Similarly, accurate billing and proper GST compliance are important for maintaining financial discipline and avoiding taxation-related issues.

The organization handles multiple customers, invoices, tax records, and receivable accounts, making it essential to maintain a systematic billing and collection process. Delayed customer payments, billing inaccuracies, and taxation errors can negatively affect the financial performance and operational activities of the company. Therefore, proper receivables management and efficient billing & taxation systems are necessary for improving financial efficiency and organizational performance.

This study aims to analyse the receivables management practices and billing & taxation procedures followed at Maruthi Aircon Engineering. The study also evaluates the effectiveness of collection management, invoice systems, and GST compliance in maintaining organizational liquidity and operational efficiency.

## NEED FOR THE STUDY

The need for this study arises from the increasing importance of effective receivables management and efficient billing & taxation systems in business organizations. In today's competitive business environment, organizations must maintain proper financial control to ensure smooth business operations and financial stability. Receivables management is essential because delayed customer payments directly affect liquidity, working capital, and profitability.

Maruthi Aircon Engineering deals with customer transactions, invoice generation, credit sales, and GST-related activities regularly. Since a major portion of business transactions may involve credit facilities, the organization must ensure timely collection of receivables to avoid cash flow problems. Inefficient receivables management may result in overdue payments, increased bad debts, and financial pressure on the organization.

Billing systems also play a significant role in maintaining accurate financial records and customer satisfaction. Errors in invoice preparation, incorrect billing amounts, or delays in invoice generation may lead to customer disputes and affect the organization's reputation. Therefore, proper billing procedures are necessary for smooth financial operations.



Taxation compliance, especially under the Goods and Services Tax (GST) system, is another important aspect of organizational financial management. Organizations must maintain accurate tax records, file GST returns on time, and comply with government regulations to avoid penalties and legal complications. Efficient taxation systems improve financial transparency and help maintain proper accounting practices.

The study is also important because it helps identify problems related to receivables collection, billing procedures, and taxation systems followed at Maruthi Aircon Engineering. The findings of the study may help the organization improve collection efficiency, strengthen billing accuracy, maintain GST compliance, and enhance overall financial performance.

Thus, the study is conducted to understand the effectiveness of receivables management and billing & taxation procedures and to provide suitable suggestions for improving organizational efficiency and financial stability.

## STATEMENT OF THE PROBLEM

In modern business organizations, efficient receivables management and accurate billing & taxation systems are essential for maintaining financial stability and operational efficiency. However, many organizations face challenges such as delayed customer payments, improper billing procedures, and taxation complexities, which negatively affect working capital and cash flow management.

Maruthi Aircon Engineering also encounters difficulties in managing receivables effectively due to delays in payment collection, customer outstanding balances, and billing-related issues. Inefficient receivables management may lead to increased bad debts, reduced liquidity, and financial pressure on the organization. Similarly, errors in invoice generation and lack of proper taxation procedures may result in customer disputes, accounting inaccuracies, and GST compliance issues.

The organization must ensure timely collection of receivables, accurate billing systems, and proper GST compliance to maintain smooth financial operations. Therefore, the study aims to analyse the receivables management practices and billing & taxation procedures followed at Maruthi Aircon Engineering and identify measures to improve overall financial efficiency.

## OBJECTIVES OF THE STUDY

### Primary Objectives

- To study the receivables management practices followed at Maruthi Aircon Engineering.
- To analyse the billing and taxation procedures adopted by the organization.
- Secondary Objectives
- To evaluate the effectiveness of collection management.
- To study GST compliance procedures followed by the organization.
- To identify problems associated with billing and receivables management.
- To suggest suitable measures for improving receivables management efficiency.

## SCOPE OF THE STUDY

The study mainly focuses on receivables management and billing & taxation procedures followed at Maruthi Aircon Engineering. It covers areas such as customer receivables, invoice generation, collection procedures, GST compliance, and taxation systems.



The study analyses the effectiveness of receivables management in maintaining liquidity and working capital. It also evaluates billing accuracy, taxation procedures, and collection efficiency during the study period from 2020 to 2024.

The scope of the study is limited to the financial and operational activities related to receivables management and billing & taxation practices within the organization.

## REVIEW OF LITERATURE

Receivables management is considered an important component of working capital management. According to financial management theories, efficient receivables management improves cash flow, reduces bad debts, and enhances profitability.

Previous studies reveal that organizations with proper receivables management systems experience better financial performance and improved liquidity. Researchers also suggest that automated billing systems help reduce invoice errors and improve operational efficiency.

Studies on taxation systems indicate that GST compliance and accurate billing procedures are essential for maintaining transparency and avoiding legal complications. Efficient billing and taxation practices contribute to better accounting systems and financial discipline within organizations.

## THEORETICAL FRAMEWORK

### Working Capital Management Theory

This theory explains the importance of managing current assets and current liabilities effectively to maintain liquidity and operational efficiency. Receivables management forms a major part of working capital management.

### Credit Management Theory

Credit Management Theory focuses on customer credit evaluation, collection procedures, and reduction of bad debts. Proper credit policies help organizations minimize financial risks and improve collection efficiency.

### Tax Compliance Theory

Tax Compliance Theory emphasizes the importance of following government taxation regulations and maintaining transparency in billing and accounting systems. Proper GST compliance improves organizational credibility and financial discipline.

## HYPOTHESES OF THE STUDY

H<sub>0</sub>: There is no significant relationship between receivables management and organizational liquidity.

H<sub>1</sub>: Effective receivables management significantly improves organizational liquidity.



H<sub>0</sub>: Billing and taxation systems do not significantly affect operational efficiency.

H<sub>2</sub>: Efficient billing and taxation systems positively affect operational efficiency.

## **RESEARCH METHODOLOGY**

### **Research Design**

The study adopts a descriptive and analytical research design.

### **Nature and Sources of Data**

#### **Primary Data**

Discussions with employees and management.

Customer feedback regarding billing and payments.

#### **Secondary Data**

Company financial records.

GST reports.

Billing registers.

Receivables statements.

Annual reports.

Period of Study

The study covers a period of five years from 2020 to 2024.

Analytical Tools

Ratio Analysis

Trend Analysis

Percentage Analysis

Comparative Analysis

Ageing Analysis

## **FINDINGS OF THE STUDY**

1. Effective receivables management improves organizational liquidity and cash flow.
2. Delayed customer payments create working capital problems.
3. Proper billing systems reduce invoice-related disputes and errors.
4. GST compliance improves transparency and financial discipline.
5. Automated billing systems increase operational efficiency.
6. Regular follow-up procedures reduce overdue receivables.



## SUGGESTIONS

1. Introduce automated receivables tracking systems.
2. Maintain strict customer credit policies.
3. Conduct regular follow-up for overdue payments.
4. Ensure timely GST filing and taxation compliance.
5. Reduce manual billing errors through computerized invoice systems.
6. Conduct regular internal audits for billing and taxation activities.

## CONCLUSION

The study concludes that effective receivables management and efficient billing & taxation systems are essential for maintaining financial stability and operational efficiency at Maruthi Aircon Engineering. Proper receivables collection improves liquidity and reduces bad debts, while accurate billing and GST compliance ensure transparency and financial discipline.

The study also highlights the importance of automation, proper credit policies, and regular monitoring in improving receivables management and billing efficiency. Implementing suitable financial controls and systematic collection procedures will help the organization improve operational performance and maintain long-term financial stability.

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