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Changing Financing Pattern of Companies and Global Financial Crises: Evidence from FMCG Companies in India (2002-2016)

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Abstract

India, being the emerging country, its corporate sector has witnessed major transformations over the years especially in their financing structure. Since independence, banks were the prime source of funding for the corporate sector in India. However, after liberalization, the Indian capital market grew and the corporates shifted their attention towards equity and debt market for financing. Further, the global financial crisis during 2008-09 also showed its impact on companies financing pattern. In light of this, the present study aimed to examine the changes in the financing pattern of Indian corporate sector for the year 2002-2016 with special reference to FMCG companies in India. The study also aimed to examine the impact of financial crisis in the financing pattern. It is found that the FMCG companies in India have blend of both internal and external financing in their financing pattern during 2002-2016. However, there is a high dependence on internal financing and large amount of reserves and surpluses are maintained in the balance sheet for this. For their external financing, the companies prefer trade dues and bank borrowing as the prime sources. The study also found that the preference for equity and debt financing has also increased over the years but companies still consider them as last resort. Observing the effect of financial crises, it is seen that the financing pattern of companies showed some changes during the crises period, i.e. 2007-2011. It is found that the global financial crisis during this phase influenced the external funding of the companies, but failed to show significant impact on internal funding.

Keywords: Financing, Crisis, Debt, FMCG and India.

Introduction

The financing pattern of Indian corporate sector has witnessed various transformations in the pre and post- liberalization period. In the pre-liberalization era, Indian commercial banks were the major financial intermediaries that provided finance in terms of loans (mostly working capital loans) to the Indian companies followed by development banks and other financial institutions. Due to the subdued capital market financing and too much dependence of the corporate industries on subsidized institutional finance, the Indian corporate sector found itself to be over-levered (Varma, 1998). It was after liberalization in 1991, with the implementation of industrial reforms and SEBI regulations, the Indian capital market could witness in a new outlook. The Indian companies began shifting their preference from institutional financing to equity and debt financing. During 1992-2000, the funds mobilized from capital market increased to 1.7 per cent of the total GDP. Varma (1998) stated that the booming capital market and the appetite of foreign institutional investors helped the Indian corporate industry to emerge as a powerful sector that have a control over its capital structure.

Nevertheless, during 2008-09, Indian companies like many companies in emerging as well as developed countries were hit hard by the global financial crises. The literatures like Iqbal and Kume (2014), Harrison and Widjaja (2014), Mirza and Zhang (2015), Nakamura et. al. (2016) and many others pointed out that the capital structure of these companies witnessed some changes due to crises. Nakumura et. al. (2016) compared Indian companies with companies of China, Brazil and Russia and showed that only long-term debt of Indian companies decreased after the crisis period. However, other three companies accounted for an increase in the long-term debt value. Iqbal and Kume (2014) examined the capital structure of UK, France and Germany experienced an increase in leverage for companies having lower industry median capital structure during pre-crisis period and vice versa. It is worth noting that besides firm-specific factors like size, growth opportunities, tangibility, age, liquidity and many others, there are various macro-economic events that have significant influence on the companies' financing decisions. While deciding for appropriate financial mix, these events must also be considered.

With this background, it is felt that the study of the financing pattern of the Indian corporate sector has very much relevance in today's emerging and competitive industrial platform. The present study therefore, considered the select FMCG companies for the period 2001-02 to 2015-2016 to understand the financing pattern of Indian corporate sector and significant changes in the financing pattern with regard to the global financial crises, 2008-09. In the study, the effect of crisis is measured using dummy variable. It is also seen that the effect of crisis could not last long. Therefore, changes in financing pattern are also seen after crisis for year 2010 and 2011 (measured by using dummy variable).

Review of Literature

It would be interesting to look upon various studies conducted on financing pattern of different industries in India and globally from time to time to have an understanding on the changing pattern of funding in companies over the period. In addition, the studies also demonstrate the impact of various macroeconomic changes in the economy on the financing pattern of companies. A summary of some studies has been covered below.

Varma (1998) briefed up on the financial sector reforms in India since 1991 which had significant impact on the Indian corporate sector. It was pointed out that the economic reforms during 1991, transformed an over-levered corporate sector to a sector with disciplined and controlled capital structure. Rajakumar (2005) analyzed the financing pattern of the manufacturing firms in India for the period 1988-89 to 1998-99 and tried to understand the relationship between choice of source of finance and investment. He found that the financial reform measures since 1990s brought a significant change in the corporate financing pattern. He showed that the selection of source of finance shifted from internal financing to equity financing in the 1990s. However, it was found that such shift could not have a desired impact on investment. The negative effect had been seen in investment in the case of equity financed firms. Love and Peria (2005) investigated the financing pattern of firms in India for the period 1994 to 2003 and found increase in bank financing but non-bank debt saw a downfall. Further, the study found that there existed significant difference in financing patterns of the firms with respect to size, sector, age, and ownership type and export orientation. According to the results, manufacturing firms found to have high debt ratios than service sector firms. Further, firms that were younger in age, smaller in size or belonged to foreign sector found to have reduced debt financing. Rajakumar (2014) discussed about the financing pattern of private corporate sector in India and found internal financing as the major sources of funding followed by external financing until 1960s. Thereafter, the reliance shifted to external financing due to development of financial system in India. The study also gave evidence for predominance of banks in corporate financing. Nakamura (2016) studied the impact of economic crisis on the financing decisions of firms in India, China, Brazil and Russia and identified a decrease in the long-term debt of only Indian companies as the companies, creditors as well as government in India became judicious towards risk of bankruptcy during this period. Further, tangibility, growth opportunities, size of firm and risk were found to be the important factors affect financing decision during this period.

In a broad sense, the previous studies laid stress upon influence of the big macro-economic changes in the economy such as liberalization and global financial crisis on the financing pattern of the Indian corporate sector. The present study therefore, considered the select FMCG companies for the period 2001-02 to 2015-2016 to understand the financing pattern of Indian corporate sector and significant changes in the financing pattern with regard to the global financial crises, 2008-09. Section I provides a broad view of the financing pattern of FMCG companies in India during 2002-2016. Section II examines the effect of financial crises on the financing pattern of the FMCG companies in India.

Statement of the Problem

The paper aims to examine the financing pattern of the FMCG companies for the period 2002-2016 providing a deep understanding on the resource mobilization patterns of the Indian corporate sector and impact of economic crisis on the financing pattern.

Data Description

The present paper examines the financing pattern of FMCG companies in India based on the financial data collected for 30 FMCG companies listed on Bombay Stock Exchange of India. The paper is based on secondary data collected for 15 years commencing from FY2001-02 to FY2015-16 from Prowess database software, Ace equity and the annual reports of the companies. With the aim to get a good understanding of the financing pattern of corporate sector in India, a good number of studies covering both conceptual and empirical papers have been collected and reviewed from various journals, magazines and other related papers.

Analysis of the Study

Section I: Financing Pattern of FMCG companies in India (2002-2016)

Table 1 titled, 'Financing Pattern of FMCG Companies in India for 2002-2016' represents the composition of different sources of funds used for financing the companies' assets. The table includes funds from internal sources, percentage share of internal sources in total investment, trend in internal financing, funds from external sources, percentage share of external sources in total investment, trend in external financing, total investment and trend in total investment.

As per the table results, funds from internal sources occupy the major portion of the companies' total investment. The total share of internal sources in total investment during the period ranges between 56.33 per cent and 63.28 per cent with a mean value of 59.48 per cent. It is interpreted that the selected companies are continuously adding up more internal finance in its capital structure and has registered a CAGR of 14.10 per cent. The share of internal funding increased from 61.33 per cent in 2002 to 63.13 per cent in 2016. Looking at the external financing portion, the total share of external financing in total investment ranges from minimum of 36.72 per cent to maximum of 43.67 per cent with mean value 40.52 per cent. Over the years, a positive growth in external financing has also been found with 13.48 per cent CAGR but the share of external financing in the total investment has reduced from 38.67 per cent in 2002 to 36.87 per cent in 2016.

Observing the trends in internal financing during 2002 to 2016, there is no definite trend in growth. However, it is seen that internal funding's growth rate of the companies dropped down in the years 2004, 2007, 2008 and further continued to reduce after 2010. Also, there exists no certain trend in the growth rate of external financing during this period. It is noteworthy that, the study has found that the companies are continuously increasing their total investment with 13.87 per cent CAGR but without following any certain trend.

Overall, it could be interpreted that internal resources always remain a prime source of funding for the FMCG companies in India. Reliance on external financing increased during the period 2004 to 2012, but this could not surpass the preference for internal financing among these companies.

Table 2 titled, 'Composition of Internal sources of FMCG companies in India for 2002-2016' represents different sources of funds used by companies by way of internal financing. Internal financing includes paid-up equity shares, paid-up preference shares, reserves and surplus and provisions and their trends during 2002-2016.

As per the results of table 2, major portion of internal sources of financing is constituted of reserves and surpluses (73.13 per cent) followed by provisions (22.58 per cent). Observing the trend in reserves and surplus, the companies' have been constantly increasing the share of reserves and surplus in its financing pattern except for the year 2004. Similarly, the share of provisions has also witnessed an increase during the study period with a CAGR of 18.88 per cent. Observing the paid-up capital, the overall trend shows a positive growth except for the year 2008. Affected by crisis, the companies' paid-up equity dropped and similar changes is also reflected in the reserves and surplus. However, the companies increased their provisions which resulted into no major changes in the total internal funding. Overall, coefficient of variation of 58.55 per cent represents high variation in reserves and surplus over the period. Similarly, high variation has been witnessed in paid-up preference shares (74.65 per cent) and provisions (73.62 per cent). Finally, the CAGR value shows a positive growth in the internal financing and its component.

Table 3 titled, 'Composition of External sources of FMCG companies in India for 2002-2016' represents different sources of funds used by companies by way of external financing. External financing includes issue of fresh capital, borrowings and trade dues. The table constitutes of different sources of external financing and their trends during 2002-2016.

As per the table 3, it is found that the major share of external financing has been occupied by trade dues (57.67 per cent) followed by borrowings (38.51 per cent). It is also noted that companies consider issue of fresh capital but as a last resort. Further, it has been observed from the CAGR value and coefficient of variation that over these years, a positive growth with high variation has been witnessed in external financing and its components as CAGR value of issue of fresh capital, borrowings, trade dues and external financing is 12.91 per cent, 15.86 per cent, 12.33 per cent and 13.48 per cent respectively. The major reason for this increase in external financing could be the increase in trade dues and borrowings over the study period.

The table 4 represents the structure of corporate finance of the FMCG companies for the period 2001-02 to 2015-16. The time period is divided into three phase with five years interval, i.e. 2002-2006 (first phase), 2007-2011 (second phase) and 2012-16 (third phase).

Observing the table, it is found that internal financing hold the prime position in the companies' financial pattern in all the three phases with reserves and surplus as the major source of internal funds. Although, the internal funds declined from 59.83 per cent of total financing in 2002-2006 to 58.25 per cent in 2007-2011, but still capture the major part of total financing. On the other hand, external sources of funds were 40.17 per cent of total investment which increased in 2007-11 to 41.75. In the third phase, internal financing increased to 60.22 per cent whereas, externally financing gradually decreased to 39.78.

Since reserves and surplus funds holds major portion of internal funds, they are also the reason behind decline in the internal funds during 2007-2011. However, in the third phase, the reserves and surplus funds increased from 42.85 per cent to 43.64 per cent. Similar increase can also be seen in provisions which increased from 10.25 per cent in 2002-2006 to 14.69 per cent in the third phase. On the other hand, preference on paid-up capital fell during this period.

Looking at the external sources of funds, it is found that trade dues are the major sources of external financing for FMCG companies followed by borrowings. It is noteworthy that issue of fresh capital is considered as the last resort. However, it is observed that where the trade dues are declining over the period, a significant increase can be seen in borrowings and issue of fresh capital. The borrowings increased to 16.56 per cent in 2007-2011 from 12.64 in 2002-2006 and then decreased to 15.72 per cent in 2012-2016. Similarly, the issue of fresh capital was 1.33 per cent in 2002-2006, 2.37 per cent in 2007-2011 and then decreased to 1.17 per cent in 2012-2016.

It can be concluded that the major change in the composition of the financing pattern likely to happen in the second phase when external financing increased and internal financing decreased. However, in the third phase, internal financing again took over external sources.

Section II: Impact of Financial Crisis

The changing composition of the financing pattern during the second phase i.e., 2007-2011 reflects the impact of the global financial crisis on the FMCG companies. It is witnessed that during this phase, the share of external financing increased whereas internal financing share decreased in total investment. A significant increase is seen in the total debt from 12.6 per cent in the period 2002-2006 to 16.56 per cent in the period 2007-2011, particularly due to increase in bank and foreign currency borrowings by companies. However, trade dues and debentures and bonds reduced to 1.20 per cent in second phase from 2.42 per cent in first phase. Further, issue of fresh capital also increased during the second phase. On the other hand, the share of paid-up equity capital and reserves and surplus reduced in the total financing whereas provisions increased during the second phase. This resulted in the decreasing of internal financing from 59.83 per cent in the first phase to 58.25 per cent in the second phase. However, this could not last long as in the third phase, the companies' financing structure revived to its earlier position. Internal financing increased to 60.22 per cent of total financing along with reserves and surpluses to 43.6 per cent. On the other hand, external financing decreased with the decrease in bank borrowings, borrowings from financial institutions and debentures and bonds.

Further, graph 1 also shows a similar picture. Graph 1 represents the mean value internal equity to total assets and external equity to total assets for FMCG companies during 2000-2016. According to the graph, external equity to total assets ratio presents an increasing trend from 51.50 per cent in 2002 to 56.57 in 2016. On the other hand, internal equity to total assets ratio presents a decreasing trend from 45.68 per cent in 2002 to 41.74 in 2016. Some significant variation in both the ratio is witnessed after FY2007. During this period, the world economy faced biggest set back in form of global financial crisis. According to the graph, in this period the demand for debt by FMCG companies increased. However, this did not last long as after FY2009, demand for debt again decreased. In contrary, internal funding decreased after FY2007 and then began to increase by FY2009. It could be seen that the financial crisis caused an increase in demand for debt in financial structure of companies.

Descriptive Statistics

Table 5 represents the descriptive statistics for the variables selected for running the panel data regression model for two dependent variables external equities to total assets (EXQ_TA) and internal equities to total assets (INQ_TA) on the financial data of the select FMCG companies during 2001-02 to 2015-16. The descriptive statistics include mean value, standard deviation, percentile at 25, median and percentile at 75.

Based on the descriptive statistics, the results show that overall mean value for external equities to total assets (EXQ_TA) is 54.85 per cent and mean value for internal equities to total assets (INQ_TA) is 44.42 per cent. The mean value of EXQ_TA ranges between median 53.67 and 75th percentile 69.78 whereas the mean value of INQ_TA ranges between 25th percentile 29.74 and median 53.67. The standard deviation accounted for 20.61 for EXQ_TA and 20.32 for INQ_TA. Further, the mean value for sizeLA, GR, CA_CL and FA_TA is recorded to be 9.26, 1.04, 1.41 and 0.27 respectively.

Panel-Data Regression Analysis

In order test if the impact of financial crisis on the financing preferences of the FMCG companies, the regression equation is fitted on the panel data with dummy variables:

Model 1: $EXQ\_TA_{it} = \alpha_i + \beta_1.SizeLA + \beta_2.CA\_CL + \beta_3.GR + \beta_4.FA\_TA + \beta_5.Crisis\ effect + \beta_6.Post\text{-}Crisis + \varepsilon_{it}$

Where EXQ_TA_{it} is external equities to total assets for companies 'i' and 't' denotes time, 'α' is the intercept, SizeLA represent the size of firm, CA_CL represent the current ratio (liquidity), GR represent growth opportunities, FA_TA represents tangibility of firm, Crisis effect is measured by the dummy variable (1 for all the years 2008 and 2009 and 0 otherwise), Post-crisis is measured by the dummy variable (1 for the years 2010 and 2011 and 0 otherwise), 'β' is the coefficient of D_{it} and ε_{it} is the error term.

Model 2: $INQ\_TA_{it} = \alpha_i + \beta_1.SizeLA + \beta_2.CA\_CL + \beta_3.GR + \beta_4.FA\_TA + \beta_5.Crisis\ effect + \beta_6.Post\text{-}Crisis + \varepsilon_{it}$

Where INQ_TA_{it} is internal equities to total assets for companies 'i' and 't' denotes time, 'α' is the intercept, SizeLA represent the size of firm, CA_CL represent the current ratio (liquidity), GR represent growth opportunities, FA_TA represents tangibility of firm, Crisis effect is measured by the dummy variable (1 for all the years 2008 and 2009 and 0 otherwise), Post-crisis is measured by the dummy variable (1 for the years 2010 and 2011 and 0 otherwise), 'β' is the coefficient of D_{it} and ε_{it} is the error term.

The paper has selected the appropriate model after considering the necessary assumptions of regression such as the problem of serial correlation, stationarity, normality and multi-collinearity in the panel data. Hence, the same has been identified and resolved using the relevant test i.e. Augment Dickey fuller test for stationarity and Durbin-Watson Test for serial correlation.

For the selection of an appropriate model among pooled OLS, fixed or random effect model, Hausman Test for fixed versus random effect has been applied. The test compares the fixed effects model and random effects model and identify the appropriate model. The test considers the null hypothesis, i.e. the Random effects model is more efficient than the fixed effects models. According to the results, the test failed to reject the null hypothesis. In the paper, the results of random effect model are selected as appropriate for both the model, Model 1 and Model 2.

In the table 6a and table 6b, the impact of financial crisis on the external and internal financing is examined for the select FMCG companies for the period 2001-02 to 2015-16 using panel data regression model. As per the random effects model results, in model1, liquidity measured as CA_CL found to have significant negative relationship with external equities to total assets. Further, the results showed that external funding has not been affect by economic crisis. However, post-crisis situation has brought positive change in the external funding. On the other hand, in model2, internal equities to total assets (INQ_TA) showed a positive relation with CA_CL. Contrary to this, other explanatory variables failed to show any effect on the internal funding.

Conclusion

The study shows that the history of financing pattern of Indian corporate sector is reflected in the financial structure of FMCG companies in India. Broadly, the FMCG companies depend on reserves and surpluses for its internal financing and trade dues and bank borrowings for external financing. Nevertheless, the internal financing is recognized as the prime source of funding the business constituting more than 70 per cent of reserves and surpluses. Considering the external funds, companies rely primarily on trade payables followed by borrowings. Though, trade payables are considered as good source of financing, it is seen that reliance on borrowings have also increased over the period. This suggests that companies have impaired corporate liquidity (Roa, 1994). Thus, over the period, the total investment has gradually increased with a blend of both internal and external financing. With capital market development, companies have been shifting their reliance on financing through equity and debt market, yet prime source of funding is through internal financing. The global financial crises period also witnessed changes in the financing pattern of the companies. During this phase (2007-2011), the external funds such as bank borrowings and foreign currency borrowings increased whereas the trade dues decreased. A significant impact on the foreign borrowings is also witnessed as in the year 2007-08, many foreign investors pulled back their funds but this does not last long. The study showed a significant impact of financial crises on the external financing of the companies. However, crisis could not bring significant change the corporate financing pattern in the internal financing as the companies soon revived to the earlier position. Thus, the FMCG companies proved to be resilient towards the effect of financial crises to a large extent.

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Annexure

Graph1: Mean Value of Internal Equity to Total Assets and External Equity to Total Assets for Fmcg Companies during 2000-2016

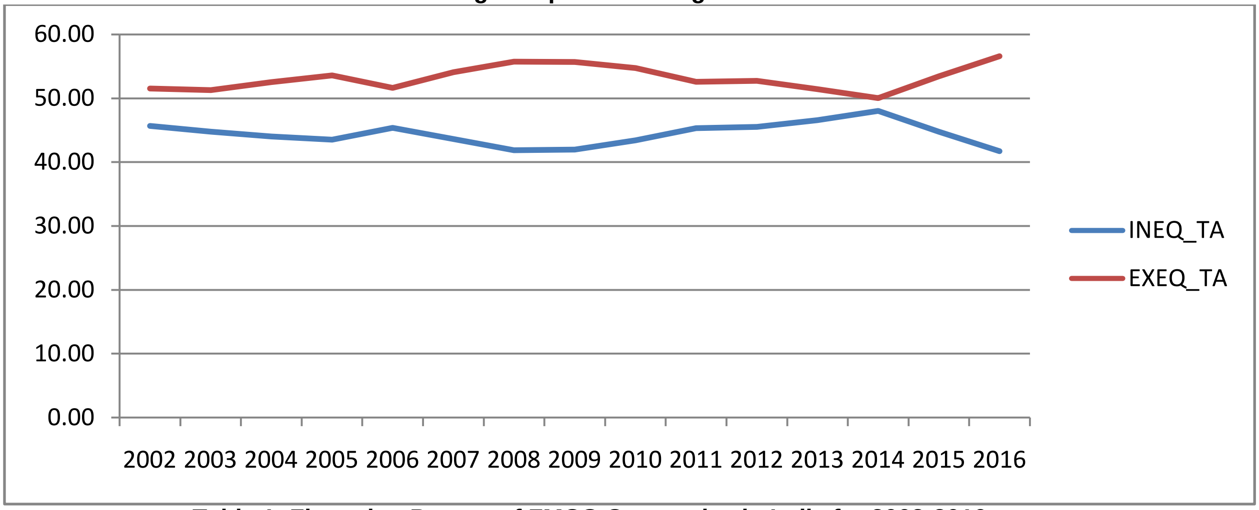

Table 1: Financing Pattern of FMCG Companies in India for 2002-2016

Year	Internal sources (in millions)	Percentage Share in Total Investment	Trend Internal sources	External sources (in millions)	Percentage Share in Total Investment	Trend External sources	Total Investment	Trend Investment
2002	5094.48	61.33	100.00	3212.50	38.67	100.00	8306.99	100.00
2003	5768.72	63.28	113.23	3347.25	36.72	104.19	9115.97	109.74
2004	5824.81	56.33	100.97	4515.57	43.67	134.90	10340.38	113.43
2005	6704.04	59.64	115.09	4537.69	40.36	100.49	11241.74	108.72
2006	8183.02	59.43	122.06	5585.54	40.57	123.09	13768.57	122.48
2007	9490.26	59.82	115.97	6373.77	40.18	114.11	15864.02	115.22
2008	10939.74	58.16	115.27	7868.91	41.84	123.46	18808.65	118.56
2009	13018.98	58.42	119.01	9266.67	41.58	117.76	22285.65	118.49
2010	16114.80	57.50	123.78	11909.06	42.50	128.52	28023.86	125.75
2011	18917.73	58.08	117.39	13654.91	41.92	114.66	32572.64	116.23
2012	22099.87	57.75	116.82	16167.54	42.25	118.40	38267.40	117.48
2013	25271.41	58.25	114.35	18112.35	41.75	112.03	43383.77	113.37
2014	28035.04	59.92	110.94	18756.01	40.08	103.55	46791.04	107.85
2015	29313.64	61.16	104.56	18616.51	38.84	99.26	47930.15	102.43
2016	32297.47	63.13	110.18	18860.83	36.87	101.31	51158.30	106.74
Mean	15804.93	59.48		10719.01	40.52		26523.94	113.10
C.V.	60.27			57.43			58.94	
CAGR	14.10			13.48			13.87	

Source: *Complied and calculated using financial data available from Prowess Database.*

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Table 2: Composition of Internal sources of FMCG companies in India for 2002-2016

Year	Paid-up Equity shares (in millions)	Trend Paid-up Equity shares	Paid-up Preference shares (in millions)	Trend Paid-up Preference shares	Reserves and surplus (in millions)	Trend Reserves and surplus	Provisions (in million)	Trend Provisions	Internal sources (in millions)	Trend Internal sources
2002	406.62	100.00	1.67	100.00	3891.16	100.00	795.04	100.00	5094.48	100.00
2003	419.23	103.10	9.67	580.00	4458.68	114.58	881.14	110.83	5768.72	113.23
2004	430.34	102.65	23.40	242.03	4341.78	97.38	1029.29	116.81	5824.81	100.97
2005	441.43	102.58	99.64	425.89	4957.33	114.18	1205.64	117.13	6704.04	115.09
2006	506.45	114.73	112.41	112.81	6063.70	122.32	1500.47	124.45	8183.02	122.06
2007	539.74	106.57	134.22	119.40	7113.89	117.32	1702.41	113.46	9490.26	115.97
2008	496.61	92.01	112.41	83.75	8021.76	112.76	2308.97	135.63	10939.74	115.27
2009	510.92	102.88	115.15	102.44	9774.39	121.85	2618.52	113.41	13018.98	119.01
2010	545.76	106.82	95.63	83.05	11650.90	119.20	3822.51	145.98	16114.80	123.78
2011	768.68	140.85	96.30	100.70	13811.48	118.54	4241.27	110.96	18917.73	117.39
2012	779.41	101.40	38.69	40.18	16506.00	119.51	4775.77	112.60	22099.87	116.82
2013	825.67	105.93	38.69	100.00	18730.10	113.47	5676.95	118.87	25271.41	114.35
2014	836.12	101.27	38.69	100.00	20568.72	109.82	6591.50	116.11	28035.04	110.94
2015	839.02	100.35	14.00	36.19	21027.37	102.23	7433.25	112.77	29313.64	104.56
2016	866.65	103.29	14.00	100.00	22466.21	106.84	8950.61	120.41	32297.47	110.18
Mean	614.18		62.97		11558.90		3568.89		15804.93	
C.V.	29.21		74.65		58.55		73.62		60.27	
CAGR	5.55		16.42		13.34		18.88		14.10	
PS	3.89		0.40		73.13		22.58		100.00	

Source: *Complied and calculated using financial data available from Prowess Database.*
PS: *Percentage Share*

Table 3: Composition of External sources of FMCG companies in India for 2002-2016

Year	Issue of Fresh capital (in millions)	Trend Issue of Fresh Capital	Borrowings (in millions)	Trend Borrowings	Trade dues (in millions)	Trend Trade Dues	External sources (in millions)	Trend External sources
2002	35.85	100.00	901.85	100.00	2274.81	100.00	3212.50	100.00
2003	11.46	31.98	795.46	88.20	2540.32	111.67	3347.25	104.19
2004	65.85	574.47	1513.66	190.29	2936.06	115.58	4515.57	134.90
2005	131.39	199.51	1664.27	109.95	2742.03	93.39	4537.69	100.49
2006	459.32	349.60	1797.47	108.00	3328.75	121.40	5585.54	123.09
2007	207.24	45.12	2487.97	138.42	3678.56	110.51	6373.77	114.11
2008	253.56	122.35	2891.58	116.22	4723.77	128.41	7868.91	123.46
2009	312.26	123.15	3813.82	131.89	5140.58	108.82	9266.67	117.76
2010	1049.30	336.03	4896.15	128.38	5963.61	116.01	11909.06	128.52
2011	966.14	92.07	5374.81	109.78	7313.97	122.64	13654.91	114.66
2012	510.75	52.87	6958.18	129.46	8698.61	118.93	16167.54	118.40
2013	503.30	98.54	7748.44	111.36	9860.62	113.36	18112.35	112.03
2014	963.59	191.46	6988.14	90.19	10804.28	109.57	18756.01	103.55
2015	480.34	49.85	6995.39	100.10	11140.78	103.11	18616.51	99.26
2016	196.19	40.84	7086.72	101.31	11577.92	103.92	18860.83	101.31
Mean	409.77		4127.59		6181.64		10719.01	
C.V.	84.20		62.30		55.50		57.43	
CAGR	12.91		15.86		12.33		13.48	
PS	3.82		38.51		57.67		100.00	

Source: *Complied and calculated using financial data available from Prowess Database.*
PS: *Percentage Share*

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E: ISSN No. 2349-9443 Asian Resonance

Table 4: Three-Phase Financing Composition of FMCG Companies

Particulars	**2002-2006**	**2007-2011**	**2012-2016**
Fresh capital including premium	1.33	2.37	1.17
includes: a) Fresh capital	0.32	0.08	0.03
b) share premium	1.01	2.29	1.14
Total debt	12.64	16.56	15.72
includes: a) bank borrowings	6.68	11.83	10.60
b) borrowings from financial institutions	0.57	0.56	0.11
c) Borrowings from central and state govt.	0.02	0.00	0.00
d) Foreign currency borrowings	1.00	1.69	2.50
e) Debentures and bonds	2.42	1.20	0.96
f) others	1.96	1.28	1.56
Trade dues	26.19	22.82	22.89
includes: a) creditors	21.87	18.04	14.68
External	40.17	41.75	39.78
Equity capital Paid up	4.18	2.43	1.82
Preference capital paid up	0.47	0.47	0.06
Reserves and surplus	44.93	42.85	43.64
Provisions	10.25	12.50	14.69
Internal Sources	59.83	58.25	60.22
Total	100	100	100

Source: *Complied and calculated using financial data available from Prowess Database.*

Table 5: Descriptive Statistics for dependent variables, EXQ_TA and INQ_TA

Variable	|	Mean	Std. Dev.	p25	median	p75
EXQ_TA	overall	54.85	20.61	40.86	53.67	69.78
INQ_TA	overall	44.42	20.32	29.74	46.30	58.53
SizeLA	overall	9.26	1.52	8.37	9.22	10.22
GR	overall	1.04	0.07	1.00	1.02	1.06
CA_CL	overall	1.41	1.50	0.85	1.16	1.56
FA_TA	overall	0.27	0.14	0.17	0.23	0.34
Crisis effect	overall	0.13	0.34	0.00	0.00	0.00
Post-Crisis	Overall	0.13	0.34	0.00	0.00	0.00

Source: *Complied and calculated using financial data available from Prowess Database.*

Table 6a: Results of panel data regression estimating the effect of crisis on External funds to total assets (Dependent Variable) for FMCG companies for 2001-02 to 2015-16

	OLS		**FIXED EFFECT**		**RANDOM EFFECT**	
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
C	**120.03**	7.271	**75.43185**	4.783	**78.72063**	5.079
SIZELA	-0.533	-0.864	-1.35216	-1.456	-0.92727	-1.118
CA_CL	**-4.972**	-7.989	**-2.97959**	-5.570	**-3.21798**	-6.126
GR	**-52.134**	-3.728	-3.83801	-0.291	-10.6695	-0.835
FA_TA	1.662	0.260	-2.83175	-0.396	-1.78911	-0.262
Crisis effect	2.163	0.815	**3.205127**	1.677	3.071595	1.608
Post-crisis	3.090	1.164	**3.467319**	1.799	**3.311723**	1.724
R-squared	0.179		0.607			
Adjusted R-squared	0.168		0.574			
F-statistic	16.148		18.277			
Prob (F-statistic)	0.00		0.00			
D-W Statistics	0.560		0.940			
Hausman test					1.00	

Table 6b: Results of panel data regression estimating the effect of crisis on internal funds to total assets (Dependent Variable) for FMCG companies for 2001-02 to 2015-16

	OLS		**FIXED EFFECT**		**RANDOM EFFECT**	
Variable	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
C	-18.3029	-1.13992	12.89095	0.856552	11.2229	0.755919
SIZELA	0.372686	0.62139	1.413996	1.59545	0.984465	1.232381
CA_CL	**5.189113**	8.572276	**3.137114**	6.144471	**3.360055**	6.691726
GR	**51.78964**	3.807537	14.81784	1.180685	20.09309	1.6437
FA_TA	-7.04485	-1.13544	-3.97908	-0.58426	-4.76354	-0.7296

P: ISSN No. 0976-8602 RNI No.UPENG/2012/42622 VOL.-7, ISSUE-3, July-2018

E: ISSN No. 2349-9443 Asian Resonance

Crisis effect	-1.2073	-0.46771	-2.13619	-1.17123	-2.02238	-1.1097
Post-crisis	-0.14978	-0.05804	-0.69075	-0.37554	-0.52458	-0.28612
R-squared	0.2007		0.63155			
Adjusted R-squared	0.189875		0.600401			
F-statistic	18.53919		20.27503			
Prob(F-statistic)	0.00		0.00			
D-W Statistics	0.489906		0.854572			
Hausman test					1.00	

Source: *Complied and calculated using financial data available from Prowess Database.*