

IMPACT OF LIQUIDITY ON FIXED INVESTMENT IN OIL AND GAS INDUSTRY OF PAKISTAN

By

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Abstract

Purpose: The core purpose of the research was to evaluate the effect of liquidity variations on the fix investment. To study the vigorous association between investment and liquidity, we present a modest financing constraint into the investment technique. This research study is performed with an objective to determine the role of working capital management, its conceptual linkage to fixed investment indicators i.e. fixed capital or to the additional of depreciated fixed capital. Furthermore; this aims to investigate marginal impact of current ratio and working capital on equity ratio and fixed assets in recession.

Research Methodology: In this research study longitudinal research approach has been followed. The current research work is secondary in nature. The study is primarily quantitative in nature. The data range selected for current study is consisted of 05 years in time period with four different variables. In this research study internet resource is used for data collection purpose. In this research study linear regression analysis has used as regression technique to determine the impact of liquidity on selected independent variables. In the study regression analysis was useful to examine the association between liquidity and the fixed investment and equity ratio and current ratio made by cross section of all the firms in the sector registered in Pakistan stock exchange. The research based on financial data of oil and gas firms in recession period from 2005 to 2009 on annually basis.

Findings: The findings of research are liquidity has major impact on the fix investment. And current ratio has a significant impact on the equity ratio and working capital has significant impact on fix investment.

Keywords: Working capital management, fixed investment, current ratio, equity ratio, recession

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