International Journal of Humanities Social Science and Management (IJHSSM)
Volume 4, Issue 2, Mar.-Apr., 2024, pp: 1587-1591 www.ijhssm.org

A Study on Working Capital Management in State Bank of India, Tirupati.

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Date of Submission: 11-04-2024 Date of Acceptance: 25-04-2024

ABSTRACT:
Working capital is widely recognised as the lifeblood of all businesses across the world. This necessitates effective working capital management to aid in the reduction of frequent incidents of bank distress Banking Sector, since this has long been a cause of concern for financial statement readers. Working captial management plays a vital role in the success of business because of its effect on profitability and liquidity. As a result, this project has aimed to provide an expository debate on the direction of working to improve the continuity of the banking Sector. It therefore focused on the how bank executives should handle financial trouble institutions when such indicators of distress try to appear. The conclusions drawn from this study are both impressive and useful.

I. INTRODUCTION

Working capital management refers to the set of activities performed by a company to make sure it got enough resources for day-to-day operating expenses while keeping resources invested in a productive way. It is in this manner that it is said that the destiny of huge scope interest in fixed resources is regularly controlled by a generally limited quantity of current resources. As the working capital can be the lifesaver of an organization, on the off chance this lifesaver may break down. So, a company must have sufficient working capital.

Networking capital demonstrates the difference between current assets and current liabilities. Net Working limit demonstrates the liquidity position of the firm.

Working Capital/Net Working Capital = Current Assets – Current Liabilities.

II. REVIEW OF LITERATURE

Dr.V. Bhuvaneswari (2020) highlighted the working capital which will determine whether the position of the company from the working capital point of view is sound and satisfactory. She concluded that the overall working stability, soundness and overall financial performance have improved over the years.

Awalakki Manjunath (2021) has studied the efficiency of working capital management an efficiency index is constructed and compared with firm‟s profitability, and Return on Current Assets is used as proxy for measuring the firms‟ Profitability. The paper used statistical tools like correlation, and regression model, with diagnostic tests for justification of accuracy of the model. The study highlights that selected firms doesn‟t have significant relationship with earnings of the firms.

NEED FOR THE STUDY:

- The need for the study is refers to the cash requires to meet day-to-day operations and to know the working capital balances of current assets & current liabilities whether it is increases (or) decreases.
- Current assets must be managed efficiently in order to maintain the liquidity of the bank.

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SCOPE OF THE STUDY:
The scope of the study is confined to state bank of india, Tirupati and analysis of financial statement during the year from 2018 to 2023.

OBJECTIVE OF THE STUDY :

- To analyze working capital management from 2018-19 to 2022-23.
- To analyze the liquidity position of the bank.
- To analyze the schedule changes in working capital management in the Bank.

III. RESEARCH METHODOLOGY

RESEARCH DESIGN:
The research design refers to preplanning what a researcher does in his study. The design adopted in the study comes under analytical research . Since the data collected from the financial statements of the company is analyzed under various financial reports.

Data collection

Primary data:
Primary data is obtained through the discussion with officials of state bank of india.

Secondary data:
The secondary data is collected from ;

- ➢ Annual financial reports of the company.
- ➢ Company websites.

DATA ANALYSIS TOOLS:

- Schedule changes in Working capital .
- Working capital ratios.

Statement of changes in working capital during the period 2022-2023

particulars	2022	2023	Increase	Decrease
Current assets				
Inventories	1111.11	1441.59	330.48	
Financial assets				
Investments	509.61	1.06		508.55
Trade receivables	516.61	480.41		36.2
Cash &cash equivalents	19.85	40.78	20.93	
Other bank balance	16.14	167.46	151.32	
Loans & Advances	147.26	131.61		15.65
Other financial assets	158.60	148.98		9.62
Other current assets	132.47	193.33	60.86	
Total current assets (A)	**2611.65**	**2605.22**		
Current liabilities				
Financial liabilities				
Borrowings	85.79	1072.71		986.92
Trade payables	428.24	495.49		67.25
Other financial liabilities	35.37	18.60	16.77	
Other current liabilities	135.06	211.96		76.9
Provisions	10.87	10.14	0.73	
Total current liabilities (B)	**695.33**	**1808.9**		
			581.09	1701.09
Net working capital (A-B)	1916.32	796.32		
Net decrease in working capital		1120	1120	
Total	**1916.32**	**1916.32**	**1701.09**	**1701.9**

Interpretation: The table shows the net working capital for the year 2022-2023. The net working capital has been decreased from 1916.32 to 796.32. Hence, it has been net increased by 1120.

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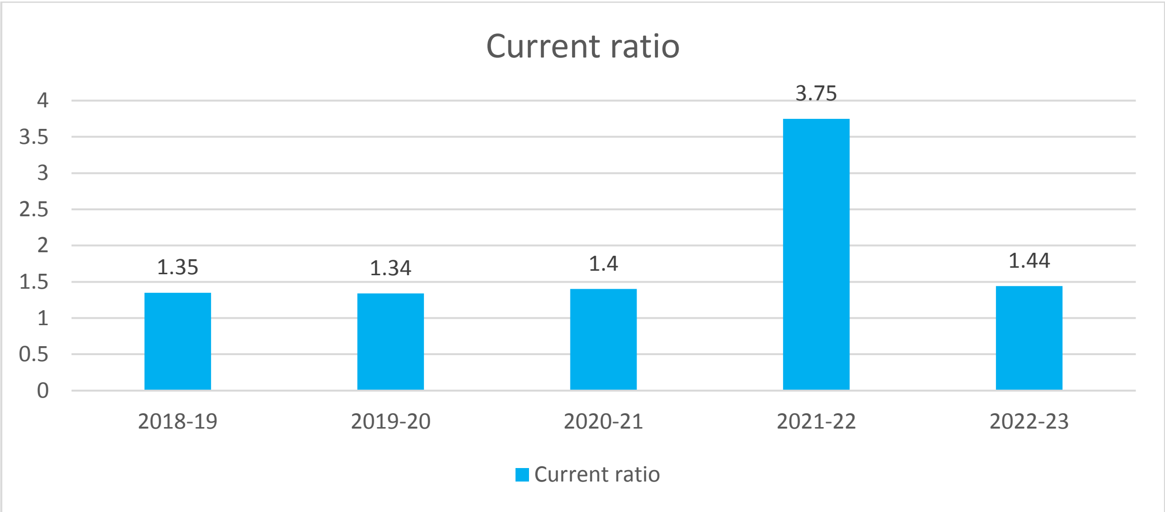
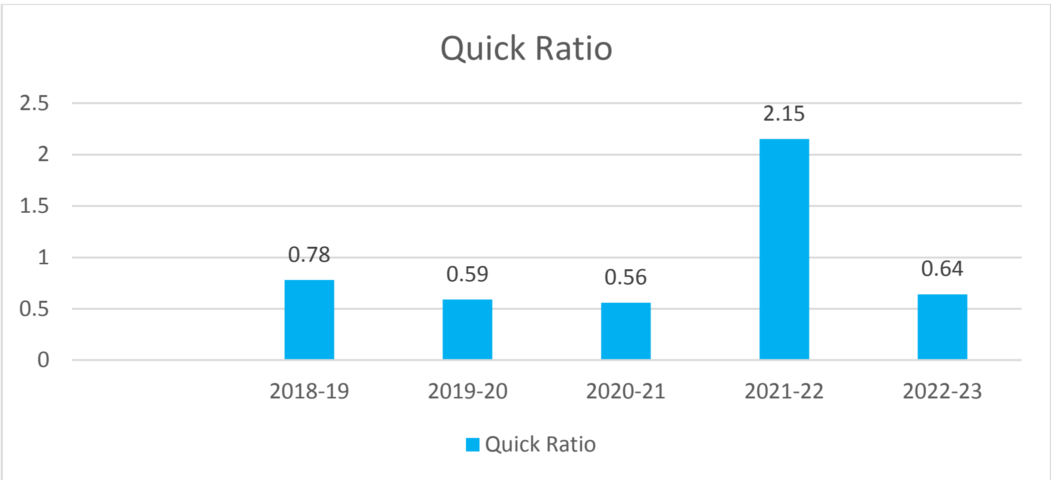
Ratio analysis:
1.Current ratio
2.Quick ratio
3.Cash ratio
4.Debtors turnover ratio

CURRENT RATIO:
Current Ratio= Current Assets/ Current Liabilities



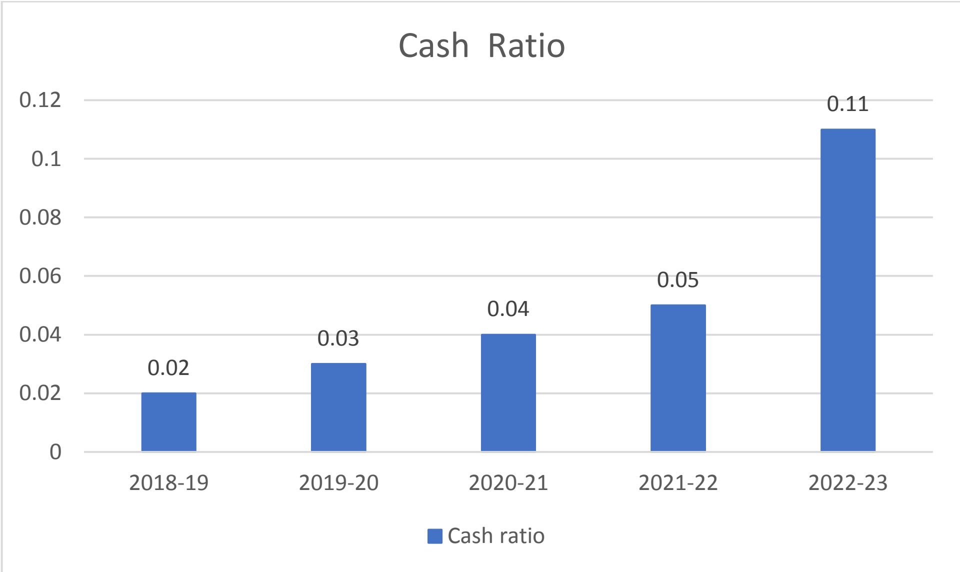
INTERPRETATION:
The standard current ratio is 2:1.The current ratio of a firm in the year 2018-2023 is 1.35, 1.34, 1.40, 3.75 & 1.44. In the year 2021-2022 it is increased 3.75. From the above graph current ratio is not satisfactory in remaining four years.

QUICK RATIO:
Quick Ratio = Current Assets – Inventories/Current Liabilities



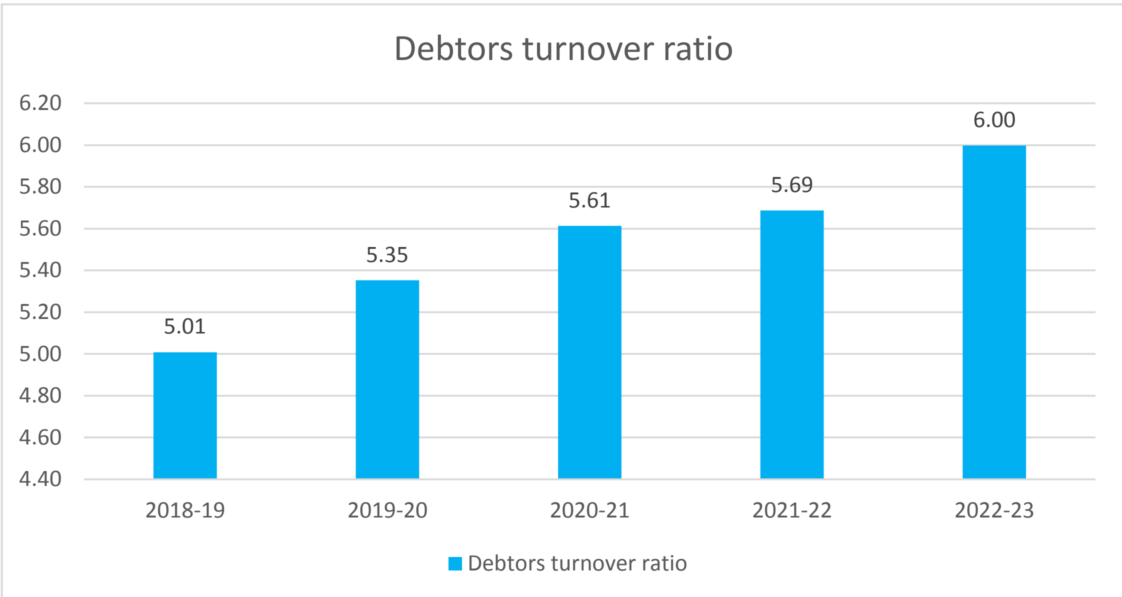
INTERPRETATION: The standard quick ratio is 1:1. The Quick ratio of a firm in the year 2018-2023 0.78, 0.59, 0.56, 2.15, & 0.64. From the above graph in the years 2021-22 increased 2.15 so, the company has enough liquid assets to meet its current liabilities. In the remaining four years quick ratio is not satisfactory.

Cash ratio:
Cash ratio = cash + cash equivalant / current liabilities



INTERPRETATION: The standard cash ratio is 1:0.5. The cash ratio in the year 2018-2023 is 0.02, 0.03, 0.04, 0.05, 0.11. From the above graph it can be depicted that the company does not have enough cash to meet its current liabilities.

Debtors turnover ratio
Debtors turnover ratio = sales / debtors



INTERPRETATION:
From the above graph we may observe that the debtors turnover ratio of the company was in the year 2022-2023 is very high when compared to remaining years i.e., 6.00,but remaining years it has very low.

IV. FINDINGS

- ✓ statement of changes in working capital shows that in the year 2019-20 i.e, 266.35 and 2022-23 i.e., 1120 there is Net decrease in working capital.
- ✓ Current ratio for the year 2018-2023 is not satisfactory it does not meet the standard current ratio.
- ✓ The ideal of standard quick ratio is 1:1, quick ratio for the year 2018-2023 is not satisfactory.
- ✓ working capital turnover ratio is very high in the year 2020-21 i.e., 86.72 and very low in year 2022-23 i.e., 33.64.

V. SUGGESTIONS

- ➢ Statement of changes are decreased in the year 2019-20 i.e, 266.35 and 2022-23 i.e., 1120. I suggest that the company has to increase the current assets and decrease the current liabilities.
- ➢ The Liquidity position of the company is low. I suggest that, the company has to improve its liquidity position by decreasing current liabilities.
- ➢ The Bank should increase its Quick ratio to serve long term debts.
- ➢ The Bank wants to increase liquid assets as to meet the liquidity position.
- ➢ The Bank should maintain cash and Bank balances. They should invest the idle cash in Marketable securities or short term investments in shares, debentures, bonds and other securities.

VI. CONCLUSION:-

From the above analysis it was concluded that the working capital management of state of bank of india was fluctuating from year to year. As we can see in the year 2022-23 the working capital was decreased compared to previous year. So, the company has to increase their current assets and decrease current liabilities and they should invest the idle cash in Marketable securities or short term investments in shares, debentures, bonds and other securities. to reach the liquidity position of the Bank.

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