

Sr.No.	Name of the Author	Title of Paper	Page No.
34.	Sudhir B. Kumbhar	Zero Polluting Dyeing of Cotton with Plant Derived Quercetin using Biomordants	147
35.	Ranjan B. Yedatkar	Studies on Management and Discarding of Waste Water in Dairy Industry	151
36.	Rwiti Biswas	Are women really empowered under the plastic veil ? : A critical discussion with reference to Naomi Wolf's The Beauty Myth	155
37.	Dr. Mahesh D. Chougule And CS.Dr.Krishnat H.Chougale	A Study of Pre and Post Impact of Merger on Bank Financial Performance with Special Reference to Merger of Dena Bank and Vijaya Bank into Bank of Baroda	159
38.	Dr.Sagar R. Powar And Dr.Mahesh Chougule	A Study of Working Capital Management with Special Reference to State Bank of India	164
39.	Tukaram. M. Wandre And Rajaram N. Salunke	Sn doped TiO ₂ nanoparticles for gas sensing applications	168
40.	Dr. Varsha N. Deshmukh	A Digital Communication is Trend in the Technology world & Foreign Relations	174
41.	Srimanta Ghosh	In School Level Education Evaluation System Must Be Changed	179
42.	Dr.Bhasker Gangadhar Koshidgewar	Recent Developments in Online Education Technology	182
43.	Dr. Sahebrao Daulat Nikam	A Study The Challenges Regarding Tomato Marketing In Nashik District.	186
44.	V.K. Dongare	On a new species of Anthobothrium Tapeworm Beneden (1850) from Dasaytis bleekeri At. Murud, Dist. Raigad (M.S) India	191
45.	Dr. Ashok Shamrao Patil	The Role of Citizens in Water Use	195
46.	Dr. Dattatray N. Waghmare	Rural Health Care System in India	197
47.	Patil Gorakhnath Rangrao	The Impact Of Covid – 19 On Migrant Workers & Their Employment Conditions	204
48.	Dr. Meenal Kishor Kshirsagar	Industrialization and Sustainable Development	208
49.	S. S. Birajdar And D. B. Suryawanshi	Microwave Dielectric Relaxation Study Of Pure Liquids And Binary Mixtures	213

A Study of Working Capital Management with Special Reference to State Bank of India

Dr.Sagar R. Powar

HOD, Dept. of Commerce
K.H. College, Gargoti

Dr.Mahesh Chougule

Assistant Professor of Commerce
Shivraj College, Gadhinglaj

Abstract

Banks play an active role in economic development of the country. Every business needs for two purposes for its establishment and to carry out day-to-day operations. Working capital is the life blood and the nerve center of a business firm. Working capital Management is one of the most important functions of corporate management whether it may be any industry, banks etc. A better metric to calculate a bank's financial health is net interest margin (NIM), which measures how much a bank earns in interest compared to how much it pays out of depositors. Working capital management is a business strategy designed to ensure that a company operates efficiently by monitoring and using its current assets and liabilities to the best effect. The primary purpose of working capital management is to enable the company to maintain sufficient cash flow to meet its short-term operating costs and short-term debt obligations. Working Capital is an important operating decision as it reflects day-to-day, point-to-point, & level-to-level fluctuation in the quantity and components of working capital which is volatile and ever changing because of change in variables such as demand and supply, cost of funds, receipts and payment schedule, and of course regulatory mandate. To begin with, working capital is that optimum amount which will always be there in the organization to support operation. It encompasses current Assets and current liabilities, their relationship and fluctuations. Banking sector is one of the major sectors of India. So, the aim of this paper is to provide some useful recommendation for the people responsible for the management of this sector. This study also establishes the basis for future research in this area of business

Key Words: Working Capital, Profitability & Banking Sector

Introduction

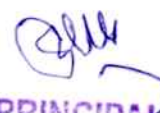
Working Capital Management is an important component of Corporate Financial Management. It is the relationship between current assets and current liabilities. Management of working capital is important to carry the routine activities of a firm. The objective behind working capital management is to ensure continuity in the operations of a firm and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses. It mainly involves management of inventories, accounts receivables, accounts payables and cash. The basic theme of working capital management is to provide adequate support for smooth and efficient functioning of day to day business operations by striking a trade between the three proportions of working capital. They are liquidity, profitability and risk.

Rationale of the Study

The need of the present study is to analyze the various concepts of Working capital of SBI Bank from the (FY 2015-16 to FY 2019-20) and find out the feasibility of the concept of working capital in the light of better planning working Capital. Problem of working capital management involve the problem of determining the optimum level of Investment in each component of current assets i.e., inventory, Receivables, cash and other short term Investment. The need of this study is to analyze the trends of working capital management and even to know the process of the same.

Objectives of the Study

1. To analyze the working Capital Management process of SBI Bank.
2. To analyze the trend of working capital with respect to study period.


PRINCIPAL
Shivraj College of Arts, Commerce
& D.S.Kadam Science College,
GADHINGLAJ (Dist. Kolhapur)

Research Methodology

In a present study, an attempt has been made to examine and understand the Working Capital Management of State Bank of India. The study uses the secondary data which is available from the official website of the Reserve Bank of India and from annual reports of State Bank of India. Also some data is collected from the magazines, Journals, Documents, manuals and other published information. The data is also obtained from the primary source through the personal discussion with the manager and senior manager of the bank. The data as at the financial Year, i.e 31st March is considered for the analysis. Various Factors are used to analyze the collected data for examining impact on Working Capital Management of concerned Bank.

Data Analysis & Interpretation

Increase & Decrease of Current Assets

Table No.1

Rs. in Crores

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Current Assets	22,06,819	25,09,040	31,87,765	33,75,389	36,23,342
Increase/(Decrease) in Net Working Capital		3,02,221	6,78,725	1,87,624	2,47,953
% Increase/(Decrease) in Net Working Capital		13%	27%	5.89%	7.34%

(Source-Annual Reports of SBI from FY 2015-20)

The above table gives the crystal clear idea about the current assets of the SBI bank. The chart shows the Increase & Decrease of the current assets write from FY year 2015-16 to FY 2019-20. The graph shows that there is continuous increase of current Assets between 5 Years. In 2015-16 SBI was holding the current assets of 22, 06,819CR which was increased by 13% to next year amounting to rupees 25,09,040 CR. In 2017-18 the SBI was holding the total current Assets of rupees 31,87,765 CR which was again increased by 5.89% in the next year. In 2018-19 the total current asset was rupees 33,75,389 CR which was again increased by 7.34% in year 2019-20 amounting to rupees 36,23,342 CR. So, it is seen the that there is increase in current Assets of SBI bank.

The reason for increase in the current Assets of the Bank is that the bank is continuously investing in various types of securities. They are granting loans & Advances to both Banks and customers on continuous note which is at increasing order. Bank is having a handful of cash & cash Equivalent every year.

Increase & Decrease of Current Liabilities

Table No.2

Rs. in Crores

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Current Liabilities	22,53,207	24,28,085	31,42,513	33,84,426	36,12,035
Increase/(Decrease) in Net Working Capital		(1,74,878)	(7,14,428)	(2,41,913)	(2,27,609)
% Increase/(Decrease) in Net Working Capital (DECREASE) IN NWC		(-7.77%)	(29%)	(7.69%)	(6.72%)

(Source-Annual Reports of SBI from FY 2015-20)

Above table indicates about the Current Liabilities of the SBI bank. From the table & Graph it is clear that from the FY year 2015-16 to FY 2019-20 there is continuous Increase in Current Liability of the Bank Due to Increase in Working Capital there is continuous decrease in Working Capital of the Bank. In Year 2015-16 the Total Current Liabilities of the SBI Bank was 22,53,207 CR which increased in the year 2016-17 amounting to 24,28,085CR which results to decrease in Working Capital by 77% amounting to 1,74,878 CR. The same case was repeated in the year 2017-18 which results to decrease in Working Capital by 29% amounting to 7,14,428 CR. In year 2018-19

the total current Liabilities was increased again amounting to 33,84,426 CR which results to decrease in Working Capital by 7.69%, when compared to year 2019-20 the Current Liabilities of bank increased which again results to decrease in Working capital by 2,27,609 CR i.e.; decrease by 6.72%. The reason for increase in current Liabilities of SBI bank is that they have provided loans with minimal security which results to the increasing threats of Bad Debts. The bank is collecting huge amount of Deposits from Customer as compared to granting loans & advances to customers & banks. The bank is also borrowing funds from other sources too. So, these are the various reasons for increasing the current Liability of the SBI Bank.

Increase & Decrease of Working Capital-

Table No.3

(Rs. in Crores)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Current Assets	22,06,819	25,09,040	31,87,765	33,75,389	36,23,342
Current Liabilities	22,53,207	24,28,085	31,42,513	33,84,426	36,12,035
Net Working Capital	(46,388)	80,955	45,252	(9037)	11,307
Increase/(Decrease) in Net Working Capital		34,567	(35,703)	(36,215)	2270
% Increase/(Decrease) in Net Working		74.51%	(44.10)%	(80.02)%	25.11%

(Source-Annual Reports of SBI from FY 2015-20)

The above table gives us an idea about the Net Working Capital and Increase & Decrease of the Net working capital of the SBI Bank. The standard formula for calculating Net working Capital is Current Assets – Current Liabilities. There are two types of working Capital that are positive Working Capital & Negative Working Capital. From the above chart and Graph it is Crystal clear that in the Year 2015-16 the Net Working Capital of the SBI Bank is Negative. Amounting to (46,388 CR). The Year 2016-17 is opposite to Year 2015-16 as there is Positive Net Working Capital & even there is an increase in Net Working Capital by 74.51% amounting to 34,567 CR. In year 2017-18 there is again Negative Working Capital & it decreased by 44.10%. In the year 2018-19 there is Positive Working Capital but there is Decrease in working capital due to Weak past performance. In year 2019-2020 there is positive Working capital & Increase in Working Capital by 2270 CR. i.e., 21.11%. There are reasons for the positive Working Capital & Negative Working Capital of the Bank. When Current Assets of the bank exceeds over Current Liabilities there is Positive Working Capital and Vice Versa. The positive Working Capital indicates good financial strength of the bank while, in case of Negative Working Capital, it indicates that the bank lacks to pay its short- term liabilities.

Conclusion

Working Capital Management is important aspect of financial Management. The study of working Capital of State Bank of India has revealed that there is continuous increase & decrease of working capital that means there is a fluctuation in them. The study has been conducted on working capital Management which will help the company to manage its working capital efficiently & effectively. Over all the bank is improving there working capital management from last two years. Now, in the year 2019-20 the bank is showing a green signal towards the increase of working capital. In year 2018-19 the bank was having a negative Working capital which was a threat to the bank for survival but, now the bank has accepted again the conservative financial policy and thus maintaining more current assets balance which bank was carrying out in the year in the year 2016-17, 2017-18 where there was a Positive Working Capital of the bank. From this research found that the overall working Capital of the State Bank of India is improving and even increasing than last year which is a significant trend & this trend is giving a good sound for the health & survival of the bank.

Recommendation

The research was conducted with the data of past five years. However, better insight could be obtained if the research is continued with the data for more number of years.

- The Net Working Capital should be in balance condition it should not fluctuate excessively.
- Bank has to take control on cash balance because cash is non-earning assets.
- Bank should raise funds through short term sources for short term requirement of funds, which is comparatively economical as compare to long term funds.

References

1. Agha, H., 2014. Impact of working capital management on profitability. *European Scientific Journal*, 10(1), pp. 374-381.
2. Kulkarni, V. U. P. & P. P., 2011. Working Capital Management: Impact of Profitability. *SCMS Journal of Indian Management*, pp. 53-59.
3. Napompech, K., 2012. Effects of working capital management on the profitability of Thai Listed Firms. *International journal of Trade, economics and finance*, 3(3), pp. 227-232.
4. Pandey, J. & S., 2008. Impact of working capital management in the profitability of Hindalco Industries Limited. *The ICFAI University Journal of Financial Economics*, 6(4), pp. 63-72.
5. Panigrahi, D. A. K., 2012. Impact of working capital management on profitability: A case study of ACC Ltd. *Asian J. Management*, 3(4), pp. 210-218
6. Patel, K. A., 2015. Impact of working capital management on profitability in Indian petroleum industry with special reference to Indian Oil Corporation. *Research Hub International Multidisciplinary Research Journal*, 2(5), pp. 1-4

Books

1. Kothari, R. (2017). *Financial Management- A Contemporary Approach*. Jaipur, Rajasthan: SAGE publications LTD.
2. Kulkarni, P. V. (1983). *Financial Management*. Himalaya Publishing House.
3. Pandey, I. M. (2015). *Financial Management* Vikas Publishing house Pvt Ltd.

Annual Reports

1. SBI Financial Reports from FY 2015-16 to 2019-20.

Websites

2. www.sbi.co.in
3. Moneycontrol.com
4. rbi.org.in
5. Investopedia.com