

**A STUDY ON CASH MANAGEMENT IN STATE BANK OF INDIA
CHENNAI (ALANDUR)**

**Submitted in partial fulfilment of the requirements for the award of
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By

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**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of RITHESH KUMAR KA 42410045 who carried out the Project Training “**A STUDY ON CASH MANAGEMENT IN STATE BANK OF INDIA CHENNAI (ALANDUR)**” under my supervision from SEPTEMBER 2023 to DECEMBER 2023

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LIST OF CONTENTS		
CHAPTER	TITLE	PAGE.NO
1.	1.1 INTRODUCTION 1.2 NEED FOR THE STUDY 1.3 OBJECTIVE OF THE STUDY 1.4 LIMITATIONS OF THE STUDY	1-14
2.	2.1 REVIEW OF LITERATURE	15-22
3.	3.1 RESEARCH METHODOLOGY	23-25
4.	4.1 DATA ANALYSIS AND INTERPRETATION	26-32
5.	5.1 FINDINGS 5.2 SUGGESTION 5.3 CONCLUSION 5.4 4BIBLOGRPHY	33-37

LIST OF TABLES CHAPTER 1

SI.NO	CHART NAME	PAGE NO.
4.1.1	TABLES SHOWING THE GROSS PROFIT RATIO	26
4.2.1	TABLES SHOWING THE NET PROFIT RATIO	27
4.3.1	TABLES SHOWING THE OPERATING RATIO	28
4.4.1	TABLES SHOWING THE RETURN ON INVESTMENT RATIO	29
4.5.1	TABLES SHOWING THE CURRENT RATIO	30
4.6.1	TABLES SHOWING THE CASH FLOW STATEMENT	31

CHAPTER 1

1.1 INTRODUCTION

Cash is the money which a firm can disburse immediately without any restriction. The term cash included coins, currency and cheques held by the firm, and balances in its bank accounts. Sometimes near-cash items, such as marketable securities or bank time's deposits, are also included in cash. The characteristic of near-cash assets is that they can readily be converted into cash.

Improving management practices is one of the most important issues of the financial world. Technological advances and the broadening availability of the Internet provide exciting, cost-saving cash management tools. The Financial Management Service (FMS), a bureau of the Department of the Treasury, is making full use of emerging technologies to improve the management of the Federal Government's finances. FMS' vision is to move toward an all-electronic Treasury, maximizing the use of technology and providing Federal agencies with comprehensive electronic commerce solutions. The integration of e- commerce technologies in the payment and collection infrastructure will result in:

1. Timely and accurate disbursement of Federal payments within the optimal payment processing environment, and
2. Timely collection of Federal Government receipts at the lowest cost

Purpose of Cash Management Made Easy The purpose of the Cash Management Made Easy guidebook is to provide a high-level overview of Federal Government cash management tools. Cash Management Made Easy is published by FMS.

The function of cash management in U.S. Treasury is threefold:

1. Eliminate idle cash balances. Every dollar held as cash rather than used to augment revenues or decrease expenditures represents a lost opportunity. Funds that are not needed to cover expected transactions can be used to buy back outstanding debt (and cease a flow of funds out of the Treasury for interest payments) or can be invested to generate a flow of funds into the Treasury's account. Minimizing idle cash balances requires accurate information about expected receipts and likely disbursements.
2. To deposit collections timely. Having funds in-hand is better than having accounts receivable. The cash is easier to convert immediately into value or goods. A receivable, an item to be converted in the future, often is subject to a transaction delay or a depreciation of value. Once funds are due to the Government, they should be converted to cash-in-hand immediately and deposited in the Treasury's account as soon as possible.
3. To properly time disbursements. Some payments must be made on a specified or legal date, such as Social Security payments. For such payments, there is no cash management decision. For other payments, such as vendor payments, discretion in timing is possible. Government vendors face the same cash management needs as the Government. They want to accelerate collections. One-way vendors can do this is to offer discount terms for timely payment for goods sold.

Agency Benefits of Cash Management Improvements

The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576) marked a new era not only in Federal management and accountability, but also in efforts to gain financial control of Government operations. The Act provided a foundation for comprehensive reform of Federal financial management, established a leadership structure, provided for long-range planning, required audited financial statements, and strengthened accountability reporting.

According to the Act, Federal agencies have the responsibility to use timely, reliable, and comprehensive financial information and systems. To that end, FMS encourages all agencies to improve their cash management practices by using electronic funds transfer (EFT) whenever cost effective, practicable, and consistent with statutory authority. In addition to those benefits

noted above, Federal agencies may also realize the following benefits when EFT mechanisms are implemented:

Cost Savings

1. Eliminates printing of bills and payment coupons.
2. Reduces postage expenses.
3. Reduces personnel time for processing remittances manually.
4. Eliminates the need for physical security measures for handling cash and checks.

Paper Elimination

1. Reduces paper needed for billing.
2. Precludes reminder notices.
3. Eliminates paper-check handling. Cash Management Improvement
4. Accelerates availability of funds.
5. Improves internal controls.
6. Provides better cash management forecasting.

MEANING

Cash management is the process of collecting and managing cash flows. Cash management can be important for both individuals and companies. In business, it is a key component of a company's financial stability. For individuals, cash is also essential for financial stability while also usually considered as part of a total wealth portfolio.

Individuals and businesses have a wide range of offerings available across the financial marketplace to help with all types of cash management needs. Banks are typically a primary financial service provider for the custody of cash assets. There are also many different cash management solutions for individuals and businesses seeking to obtain the best return on cash assets or the most efficient use of cash comprehensively.

Cash is the primary asset individuals and companies use to pay their obligations on a regular basis. In business, companies have a multitude of cash inflows and outflows that must be prudently managed to meet payment obligations, plan for future payments, and maintain adequate business stability. For individuals, maintaining cash balances while also earning a return on idle cash are usually top concerns.

In corporate cash management, also often known as treasury management, business managers, corporate treasurers, and chief financial officers are typically the main individuals responsible for overall cash management strategies, cash related responsibilities, and stability analysis. Many companies may outsource part or all their cash management responsibilities to different service providers. Regardless, there are several key metrics that are monitored and analyzed by cash management executives on a daily, monthly, quarterly, and annual basis.

Cash management, or treasury management, is a marketing term for certain services related to cash flow offered primarily to larger business customers. It may be used to describe all bank accounts (such as checking accounts) provided to businesses of a certain size, but it is more often used to describe specific services such as cash concentration, zero balance accounting, and clearing house facilities. Sometimes, private banking customers are given cash management services.

DEFINITION

Cash Management refers to the collection, handling, control and investment of the organizational cash and cash equivalents, to ensure optimum utilization of the firm's liquid resources. Money is the lifeline of the business, and therefore it is essential to maintain a sound cash flow position in the organization. `

Any amount which the company has earned however not yet received, i.e., its outstanding and is expected to be received in future, is known as receivables .an organization must manage its receivables to maintain the surplus cash inflow. It helps the firm to fulfil its immediate cash requirements. The cash receivables must be planned in such a way that the organization can realize its debts quickly and should allow a short credit period to the debtors. The payables refer to the payment which is unpaid by the organization and is to be paid off shortly. The organization should plan its cash outflow in such a manner that it can acquire an extended credit period from the creditors. This helps the firm to retain its cash resources for a longer duration to meet the short-term requirements and sudden expenses. Even the organization can invest this cash in a profitable opportunity for that credit period to generate additional income.

Bank reconciliation can be difficult for a very large business: since it issues so many checks, it can take a lot of human effort to work out which checks have not cleared and therefore what the company's true balance is. To address this, banks have developed a system which allows companies to upload a list of all the checks that they issue each day, so that at the end of the month the bank statement will show not only which checks have cleared, but also which have not.

More recently, banks have used this system to prevent checks from being fraudulently cashed if they are not on the list, a process known as positive pay. Most banks have an Internet-based system which is more advanced than the one available to consumers. This enables managers to create and authorize special internal logon credentials, allowing employees to send wires and access other cash management features normally not found on the consumer web site.

COMPANY PROFILE

Banking sector is a ladder to other sector for their improvement and their growth. Thus, a strong bank sector is required for the economic growth of a country. After the reforms in 1991, banks are growing by leap and bounds. Commercial banks have a comparative advantage as providers of capital because of their special knowledge of customers and ability to closely monitor uses of funds on an ongoing basis. The major participants of the Indian financial system are the commercial banks, the financial institution (FI), encompassing term lending institutions, investment institutions, specialized financial institutions and the state level development bank, non-bank financial companies (NBFCs) and other market intermediaries such as the stockbrokers and moneylenders. The commercial banks and certain variants of NBFCs are among the oldest of the market participants. The financial institutions, on the other hand, are relatively new entities in the financial marketplace.

Bank of Hindustan, set up in 1870, was the earliest Indian bank. Banking in India on modern lines started with the establishment of three presidency banks under presidency banks act 1876 i.e., bank of Calcutta, bank of Bombay and bank of madras. In 1921, all presidency banks were amalgamated to form the imperial bank of India. Imperial bank carried out limited central banking function also prior to establishment of RBI. It engaged in all type of commercial banking business except dealing with the foreign exchange. Reserve bank of India act was passed in 1934 & reserve bank of India (RBI) was constituted as an apex bank without major government ownership. Banking regulations act was passed in 1949. This regulation brought reserve bank of India under government control. Under the act, RBI got wide ranging powers for supervision & control of banks. The act also vested licensing powers & the authority to conduct inspection in RBI.

The roots of the State Bank of India lie in the first decade of the 19th century when the Bank of Calcutta later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint-stock companies and were the result of royal charters. These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The Presidency banks amalgamated on 27 January 1921, and the re-organized banking entity took

its name Imperial Bank of India. The Imperial Bank of India remained a joint-stock company but without Government participation.

Under the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 1 July 1955, the Imperial Bank of India became the State Bank of India. In 2008, the Government of India acquired the Reserve Bank of India's stake in SBI to remove any conflict of interest because the RBI is the country's banking regulatory authority. In 1959, the government passed the State Bank of India (Subsidiary Banks) Act.

This made eight banks that had belonged to princely states into subsidiaries of SBI. This was at the time of the First Five Year Plan, which prioritized the development of rural India. The government integrated these banks into the State Bank of India system to expand its rural outreach. In 1963 SBI merged State Bank of Jaipur (est. 1943) and State Bank of Bikaner (est.1944).

SBI has acquired local banks in rescues. The first was the Bank of Bihar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired the National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired KrishnaramBaldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja Madho Rao Scandia. The bank had been the DukanPichadi, a small moneylender, owned by the Maharaja. The new bank's first manager was Jall N. Broacha, a Paris. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore already had an extensive network in Kerala.

There was, even before it happened, a proposal to merge all the associate banks into SBI to create a single very large bank and streamline operations. The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra merged with SBI, reducing the number of associate state banks from seven to six. On 19 June 2009, the SBI board approved the absorption of the State Bank of Indore, in which SBI held 98.3%. (Individuals who held the shares before its takeover by the government held the balance of 1.7%.) The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Also, following the acquisition, SBI's total assets approached ₹10 trillion. The total assets of SBI and the State Bank of Indore were ₹9,981,190 million as of March 2009. `

SUBSIDIARIES

SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 16 regional hubs and 57 zonal offices that are in important cities throughout India.

DOMESTIC

SBI has over 24000 branches in India. In the financial year 2012–13, its revenue was ₹2.005 trillion (US\$27 billion), out of which domestic operations contributed to 95.35% of revenue. Similarly, domestic operations contributed to 88.37% of total profits for the same finance year.

Under the Pradhan Mantri Jan Dhan Yojana of financial inclusion launched by the Government in August 2014, SBI held 11,300 camps and opened over 3 million accounts by September, which included 2.1 million accounts in rural areas and 1.57 million accounts in urban areas.

INTERNATIONAL

As of 2014–15, the bank had 191 overseas offices spread over 36 countries having the largest presence in foreign markets among Indian banks.

- SBI Australia
- SBI Bangladesh
- SBI Bahrain
- SBI Botswana

The company was registered in Botswana as a limited liability company, on 27 January 2006. On 29 July 2013, State Bank of India (Botswana) Limited, was granted a banking license by the Bank of Botswana. SBI Canada Bank was incorporated in 1982 as a subsidiary of the State Bank of India. SBI Canada Bank is a Schedule II Canadian Bank listed under the Bank Act and is a member of Canada Deposit Insurance Corporation. SBI (Mauritius) Ltd SBI established an offshore bank in 1989, State Bank of India International (Mauritius) Ltd. This then amalgamated with The Indian Ocean International Bank (which had been doing retail banking

in Mauritius since 1979) to form SBI (Mauritius) Ltd. Today, SBI (Mauritius) Ltd has 14 branches – 13 retail branches and 1 global business branch at Ebene in Mauritius.

FORMER ASSOCIATE BANKS

SBI acquired the control of seven banks in 1960. They were the seven regional banks of former Indian princely states. They were renamed, prefixing them with 'State Bank of'. These seven banks were State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Indore (SBN), State Bank of Mysore (SBM), State Bank of Patiala (SBP), State Bank of Saurashtra (SBS) and State Bank of Travancore (SBT). All these banks were given the same logo as the parent bank, SBI.

State Bank of India and all its associate banks used the same blue *Keyhole* logo said to have been inspired by Ahmedabad's Kakarla Lake. The State Bank of India wordmark usually had one standard typeface, but also utilized other typefaces. The wordmark now has the keyhole logo followed by "SBI".

The plans for making SBI a single very large bank by merging the associate banks started in 2008, and in September the same year, SBS merged with SBI. The very next year, the State Bank of Indore (SBN) also merged. Following a merger process, the merger of the 5 remaining associate banks, (viz. State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore); and the BharatiyaMahila Bank) with the SBI was given in-principal approval by the Union Cabinet on 15 June 2016.

This came a month after the SBI board had, on 17 May 2016, cleared a proposal to merge its five associate banks and BharatiyaMahila Bank with itself. On 15 February 2017, the Union Cabinet approved the merger of five associate banks with SBI. An analyst foresaw an initial negative impact because of different pension liability provisions and accounting policies for bad loans. The merger went into effect on 1 April 2017.

NON-BANKING SUBSIDIARIES

Apart from five of its associate banks (merged with SBI since 1 April 2017), SBI's nonbanking subsidiaries include:

- SBI Capital Markets Ltd
- SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)
- SBI Life Insurance Company Limited
- SBI Mutual Fund

In March 2001, SBI (with 74% of the total capital), joined with BNP Paribas (with 26% of the remaining capital), to form a joint venture life insurance company named SBI Life Insurance company Ltd.

Other SBI service points

As of 31 March 2017, the SBI group had 59,291 ATMs. Since November 2017, SBI has also offered an integrated digital banking platform named YONO.

1.2 NEED FOR THE STUDY

The important of cash management in any industrial concern cannot be overstressed. Under the present inflationary condition, management of cash is perhaps more important than even management of profit and this requires greatest attention and efforts of the finance manager. It need vigilant attentions as each of its components requires different types of treatment and it throws constant attention on exercise of skill and judgement, awareness of economic trend etc., due to urgency and complicity the importance of cash.

The anti- inflationary measure taken up by the government, creating a tight money condition has placed working capital in the most challenging zone of management and it required unique skills for its management. Today, the problem of managing cash has got the recognition of separate entity, so its study and management is of major importance to both internal and external analyst to judge the current position of the business concerns. Hence, the present study entitled “an analysis on cash management “has been taken up.

1.3 OBJECTIVES OF THE STUDY

1. To analyse cash management of state bank of India.
2. To find the profitability and liquidity position of state bank of India.

1.4 LIMITATIONS OF THE STUDY

1. Difficulty of getting access to some important data due to its sensitivity and secretive nature.
2. The non- uniformity in the accounting periods of the years under study made it difficult to interpret the data concisely.

CHAPTER-II

2.1 REVIEW OF LITERATURE

Davidson et al, (1999), cash is any medium of exchange, which is immediately negotiable. It must be free of restriction for any business purpose. Cash must meet the prime requirements of general acceptability and availability for instant use in purchasing and payment of debt. Acceptability to a bank for deposit is a common test applied to cash items. This is a process of Planning, controlling, and accounting for cash transactions and cash balances. It is channel available cash into expenditures that enhance productivity, directly or indirectly.

Pandey (2007) Cash is the important current asset for the operations of the business. Cash is the basic input needed to keep the business running on a continuous basis: it is also the ultimate output expected to be realized by selling the service or product manufactured by the firm. The firm should keep sufficient cash, neither more nor less. Cash shortage will disrupt the firm's manufacturing operations while excessive cash will simply remain idle. Without contributing anything towards the firm's profitability. Thus, a major function of the financial manager is to maintain a Sound cash position.

Hampton (2001) Cash is the money which a firm can disburse immediately without any restriction. The term cash includes coins, currency and cheques held by the firm, and balances in its bank accounts. Sometimes near-cash items, such as marketable securities or bank deposits, are also included in cash. The basic characteristic of near-cash assets is that they can readily be converted into cash. Generally, when a firm has excess cash, it invests it in marketable securities. This kind of investment contributes some profit to the firm.

Walston and Head (2007) explained Cash management as the concept which is concerned with optimizing the amount of cash available, maximizing the interest earned by spare funds not required immediately and reducing losses caused by delays in the transmission of funds.

According to Simmerer et al (2008) cash management is the process of forecasting, collecting, disbursing, investing, and planning for cash a company needs to operate smoothly. They further added that cash management is a vital task because it is the most important yet

least productive asset that a small business owns. A business must have enough cash to meet its obligations, or it will be declared bankrupt. Creditors, employees, and lenders expect to be paid on time and cash is the required medium of exchange.

Simmerer et al (2008). However, some firm retain an excessive amount of cash to meet any unexpected circumstances that might arise. These dormant cash have an income-earning potential that owners are ignoring, and this restricts a firm's growth and lowers its profitability. Investing cash, even for a short time, can add to company's earning. Proper cash management permits the owner to adequately meet cash demands of the business, avoid retaining unnecessarily large cash balances and stretch the profit generating power of each dollar the business owns.

Jeffrey P. Davidson et al (1992) Cash management is particularly important for new and growing businesses. Indicated in their book that cash flow can be a problem even when a small business has numerous clients, offers a superior product to its customers, and enjoys a sterling reputation in its industry.

Kasilof (1997) Cash flows from operations are the amount of cash a firm generates in a measured time from its operation. Various methods are used to determine the amount of operating cash flow. The prevalent methods use the income statement and the balance sheet to prepare the cash flow statement (also called statement of sources and application of funds).

Vause and Woodward (2001) Cash flow accounting involves the reporting of classified list of last year's cash flows, and a set of forecast cash flows, with supporting analysis of the variances between last year's actual and forecast cash flows. It therefore emphasizes the most fundamental events in business activities, cash flows into and out of the firm, and the segregation of past (cash) facts from future estimates, accounting time allocation, based on estimates of consumption are avoided.

Soenen and Aggarwal (1989) Thus liquidity can enhance firm value by reducing the systematic components of its risk as it reduces the firm's susceptibility to economic fluctuations. In addition, the value of a firm may be enhanced by its liquidity because of its

ability to act as a financial intermediary for its customers and suppliers. A firm may be able to add value by doing this because of imperfections in financial markets. Further, under asymmetric information, a liquid firm may be able to fund valuable projects that may be difficult or costly to fund in financial markets.

Gallagher and Andrew, (2003) financial theorists have developed mathematical models to help firms find an optimal “target” cash balance, between the minimum and maximum limits, that balances liquidity and profitability concerns. In the following sections the discussion will be on one of these models, the Miller-Orr model.

Simmerer, (2008) provides that controlling accounts receivables requires business owners to establish clear, firm credit and collection policies and to screen customers before granting them credit. Sending invoices promptly and acting on past due accounts quickly also improve cash flow. The goal is to collect cash from receivables as quickly as possible.

Pandey (2008) on his side commended that Cash management is also important because it is difficult to predict cash flows accurately, particularly the inflows, and there is no perfect coincidence between the inflows and outflows of cash. During some periods, cash outflows will exceed cash inflows, because payments for taxes, dividends, or seasonal inventory buildup. At other times, cash inflow will be more than cash payments because there may be large cash sales and debtors may be realized in large sums promptly.

Amani (2005) on the causes of collapse of Public Corporations in Tanzania, fact findings revealed that finance (cash) Management in Tanzania had been regulated through the Exchequer and Audit Ordinance of 1961 and provisions set out in Chapter 7 of the Constitution. The provisions outlined Financial Orders which form the basis for financial regulation and administrative procedures. Financial Orders had been issued by the Accountant General's Office and Financial Procedures had been issued by the Central Ministries.

Noella (2007) added that efficient cash management requires certain set of principles to be implemented in all government authorities or bodies. Her study on “An analysis of financial Performance of Professional Bodies in Tanzania” revealed that for public institutions

to be efficient in the areas of finance and cash in general at minimum must adhere to the following pillars/principles of cash management.

Anton Stingo et al., (2012), cash management also considered management of cash flow whereas the aim is to receive inflows as early as possible and to delay outflows, if possible, without incurring additional expenses. Without cash, businesses may not be able to cover a current disbursement, which in turn leads to a greater risk of non-payment. Therefore, at the very core of a successful business lies the ability to manage cash flows in an efficient way.

Plewa and Friedlob (1995) Cash flow generally means the net inflow and outflow of cash in a company during a specific period. It is quite important to manage cash flows in an organization as the short term and long-term obligations of the company are dependent on cash flows. The management needs to be aware of various segments from which cash can be generated and where it will be consumed. As cash is one of the most important assets of a company, the company management needs to efficiently use cash and cash equivalents. This efficient utilization of cash entails the process of speeding up cash flows.

Manish Mittal and ArunnaDhademane (2005) they found that higher profitability is the only major parameter for evaluating banking sector performance from the shareholders point of view. It is for the banks to strike a balance between commercial and social objectives. They found that public sector banks are less profitable than private sector banks. Foreign banks top the list in terms of net profitability. Private sector banks earn higher non-interest income than public sector banks because these banks offer more and more fee-based services to business houses or corporate sector. Thus, there is urgent need for public sector banks to provide such services to stand in competition with private sector banks.

I.M. Pandey (2005) An efficient allocation of capital is the most important financial function in modern times. It involves decision to commit the firm's funds to the long-term assets. The firm's value will increase if investments are profitable and add to the shareholders wealth. Financial decisions are important to influence the firm's growth and to involve commitment of large amount of funds. The types of investment decisions are expansion of existing business, expansion of new business and replacement and modernization. The capital budgeting decisions of a firm must decide the way in which the capital project will be financed. The financing or capital structure decision. The assets of a company can be financed either by

increasing the owners claims on the creditors' claims. The various means of financing represent the financial structure of an enterprise.

MedhatTarawneh (2006) financial performance is a dependent variable and measured by Return on Assets (ROA) and the intent income size. The independent variables are the size of banks as measured by total assets of banks; assets management measured by asset utilization ratio (Operating income divided by total assets) operational efficiency measured by the operating efficiency ratio (total operating expenses divided by net income).

Vasant desai (2007) The Reserve Bank of India plays a very vital role. It is known as the banker's bank. The Reserve Bank of India is the head of all banks. All the money formulations of commercial banks are done under the Reserve Bank of India. The RBI performs all the typical functions of a good central bank as it is involved in planning the economy of the country. The main function is that the RBI should control their credit. It is mandatory for the Bank to maintain the external value of the rupee. Major function is that it should also control the currency.

K. C. Sharma (2007) Banking has entered the electronic era. This has been due to reforms introduced under the WTO compliances. Private sector banks have been permitted to open their shops in the country. These banks are either foreign or domestic banks with foreign partnerships. Some of them have been set up by Development Financial Institutions to embrace concept of universal banking, as practiced in advanced countries. The private sector on the other hand have begun their high-tech operations from the initial stage and made the elite of the country to taste the best banking practices that happens in the western countries. They have foreseen the digital world and have seen the emerging electronic market, which has encouraged them to have a better customer service strategy that would be able to deliver the things as per customer's requirement.

DR.S. Guruswamy (2009) one of the key elements of importance for shaping the financial system of a country is the pension fund. The fund contributes to the development of social security systems of a country is the pension fund. The fund contributes to the development of social security system of a country. A fund is established by private employers, governments, or unions for the payment of retirement benefits. Pension funds are designed to

provide for poverty relief, consumption smoothing etc. Pension funds not only provide compensation for the loyal service rendered in the past, but in a broader significance. Works as a measure of socio-economic justice. Pension system refers to the framework of arrangement under which individuals gain specified entitlements to a regular income in retirement called pension.

Dangwal and Kapoor (2010) also undertook the study on financial performance of nationalized banks in India and assessed the growth index value of various parameters through overall profitability indices. They found that out of 19 banks, four banks had excellent performance, five banks had good performance and six banks had poor performance. Thus, the performance of nationalized banks differs widely.

Prasanna Chandra (2010) Fundamental of financial management covers all the aspects of the subject from the basics overview of the financial environment to the financial analysis and financial planning. The basic consists of forms of business organization which gives detailed information about the financial management of the organization. After the analysis part budgeting of capital and fundamental valuation of concept is in detail. It introduces the financial management and to the financial environment. The fundamental of financial management provides a good coverage of the basic concepts relating to the financial environment. The topics are explained with various examples like the tax system, financial institution, banking arrangement & the regulatory framework. All the concepts are explained using numerous examples & illustration besides the illustration given within the chapter, additional concepts, tools & technique with illustration are provided at the end of chapter section. The book takes an analytical approach and explains the various analytical methods in context.

Jha DK and D S Sarangi (2011), The financial performance of seven public sector and private sector banks during the period 2009-10. They used three sets of ratios, operating performance ratio, financial ratio, and Efficiency ratio. The study revealed that Axis bank was on the top of these banks followed by ICICI, BOT, PNB, SBI, IDBI and HDFC.

Narendra, KamniTandon, Nidhi Malhotra (2011) excels books found that there is significant impact on the SBI's performance due to entry of new private sector banks as the new banks are profit oriented institutions while traditional banks are operating with the shackles of social responsibility towards the society. The other reasons that can be attributed are slow technological up gradation, poor staffing and employment practices which affect long term profitability of public sector banks. The study revealed that profitability of SBI is lower than that of private sector banks even predicting of private sector banks (business per employee) is higher than state banks.

Fernando Ferreng (2012) it is generally agreed that recent economic crisis intensified worldwide competition among financial institution. This competition has direct impact on how bank deal with their customer and achieve its objectives performance evaluation of banks is the key function for improving banks performance. Banks profitability and success to a large extent depends on bank branch financial performance.

RamchandanAzhagasahi and SandanvnGejalakshmi (2012), in their study found the impact of assets management operational efficiency and bank size on the financial performance of the public sector and private sector bank. The research revealed that bank with higher total capital deposits and total assets do not always mean that they have better financial performance. The overall banking sector is strongly influenced by assets utilization, Operational efficiency and interest income.

NutanTroke and P K Pachorkar (2012) The study related that the private sector banks the percentage of other income in the total income is higher than public sector bank. Public sector bank depends on intent income for their efficiency and performance. The operational efficiency of private sector banks is better than public sector banks. Private sector bank uses their assets quality better than public sector banks.

Dr. Dhanabhakym&M. kavitha (2012) in their research used some important ratio to analyses the financial performance of selected public sector banks such as ratio of advances to assets, ratio of capital to deposit, ratio of capital to working fund, ratio of demand deposit to total deposit, credit deposit ratio, return on average net worth ratio, ratio of liquid assets to working fund etc.

Ravinder Kaur (May 2012) A comparative study of SBI and ICICI Bank, the author has written an International Multidisciplinary Research Journal. Due to globalization, banking sector has developed a lot. The banking sector in India has very large network. One of the popular banks is the State Bank of India. The SBI has over 16,000 branches over a wide range of banking. The main objective of study is to examine the financial performance of SBI and ICICI Bank. SBI is a public sector bank and ICICI bank is a private sector bank. Ratio analysis was applied to analyze and to compare the trends in banking business and financial performance.

Dr. Anurag B Singh and Ms. PriyankaTandon (2012): The researcher has mentioned the importance of the banking sector in the economic development of the country. In India banking system is featured by large network of Bank branches, serving many kinds of financial services of the people. The research Methodology used by there is a comparative analysis of both the banks based on the mean and compound growth rate (CGR). The study is based on secondary data collected from magazines, journals & other published documents. Which was a limitation since it's difficult to prove the geniuses of the data.

PawankumarAvdhanam and SriniwasKolluru, RamkrishneFonnd, (2013) in their study that state bank group other than SBI home finance has performed better throughout the period of study. Though there was a decline in PAT for the year 2000-01 but then there was continuous rise in PAT. Most public sector banks have performed better over year.

CHAPTER III

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN:

Research is the art of scientific investigation. Redman and Mory redefine search as a “Systematic effort to gain knowledge”. Research methodology is a way to systematically solve the research problem. It is a plan of action for a research project and explains in detail how data are collected and analyzed.

According to Clifford Woody research comprises defining and redefining hypothesis or suggested solution, collection, organizing, and evaluating data; making deduction and reaching conclusion; and at last, carefully testing the conclusion to determine whether they fit the formulating hypothesis.

3.2 SOURCE OF DATA:

PRIMARY DATA: Primary data has been obtained through personal discussions with the managers and senior officials of the organization.

SECONDARY DATA: Secondary data has been obtained from published reports like the annual reports of the company, balance sheets, and profit and loss accounts, booklets, records such as maintained by the company. Mainly the annual reports consist of two parts.

3.3 TOOLS FOR THE STUDY:

During research for the researcher for analysis and interpretation of data is given below has applied various tools **Ratio analysis**.

1.Profitability Ratio:

1. Gross Profit Ratio

It shows the margin left after meeting manufacturing costs. It measures the efficiency of production as well as pricing.

$$\text{Gross Profit Ratio} = \text{Gross Profit} / \text{Sales} \times 100.$$

2. Net Profit Ratio

It is most significant of all revenue ratios as it indicates the ultimate profitability of the firm. This ratio is useful to the shareholders for knowing the EPS and to investors in judging the prospects of return on their investments higher ratio indicated higher profitability.

$$\text{Net Profit Margin Ratio} = \text{Net Profit} / \text{Sales} \times 100.$$

3. Operating Ratio

The operating ratio can be used to determine the efficiency of a company's management by comparing operating expenses to net sales. It is calculated by dividing the operating expenses by the net sales.

$$\text{Operating ratio} = \text{Operating expenses/net sales} \times 100$$

4. Return on Investment

ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or ratio.

$$\text{Return on investment} = \text{net profit/ cost of investment}$$

2. Liquidity Ratio:

Current Ratio

Current ratio indicates the firm's ability to pay its current liabilities, i.e., day-to-day financial obligations. It shows the strength of credit, strength of working capital & capacity to carry on effective operations. Higher ratio i.e., more than 2:1 indicates sound solvency position.

Current Ratio = Current Assets/ Current Liabilities.

3. Cash flow statement analysis

A cash flow statement is used in conjunction with the other financial statements, provides information that enables users to evaluate the change in net assets of an enterprise, its financial structure (including its liquidity and solvency), and its ability to affect the amounts and timing of cash flow to adapt to changing circumstance and opportunities. Cash flow information is useful in assessing the ability of the enterprises to generate cash and cash equivalent.

RATIO ANALYSIS

An analysis of financial statements based on ratios is known as ratio analysis. Ratio analysis involves the process of computing determining and resending the relationship of items or group of items of financial statements. It is defined as the systematic use of ratio to interpret the financial statements so that the strengths and weaknesses of a firm as well as its historical performance and current financial condition can be determined. The term ratio refers to the numerical or quantitative relationship between two items.

CHAPTER-IV DATA ANALYSIS AND INTERPRETATION

GROSS PROFIT RATIO

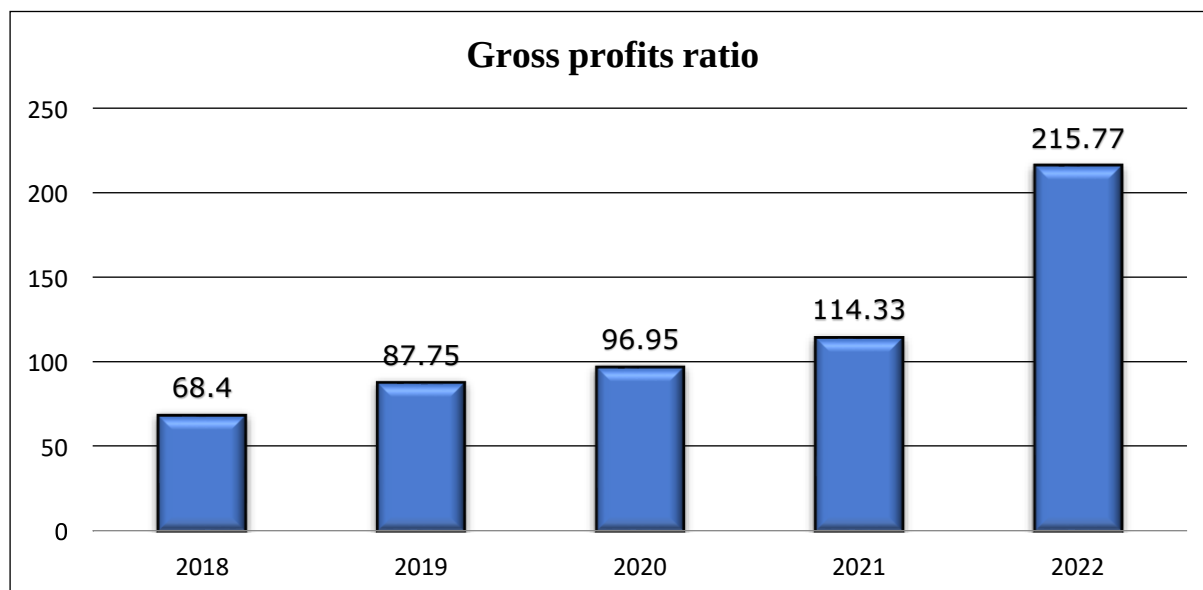
Gross Profit Ratio = Gross Profit / Sales X 100

TABLE 4.1

Year	Gross profit	Net sales	Gross profits ratio
2018	181367.5	265150.63	68.40
2019	225824.33	257323.59	87.75
2020	235469.59	242868.65	96.95
2021	252102.93	220499.32	114.33
2022	378719.86	175518.24	215.77

Source: secondary data

CHART 4.1.1



INFERENCE:

From above the table, it shows that the Gross Profit Ratio of the bank is in increasing trend. In the year 2018 the ratio was (68.4) and it was increasing in the year 2019(87.7). In 2020 the ratio was increasing (96.95) and the Gross Profit Ratio was increased in the year 2021 (114.33) and in the year 2022 the increased (215.77)

NET PROFIT RATIO:

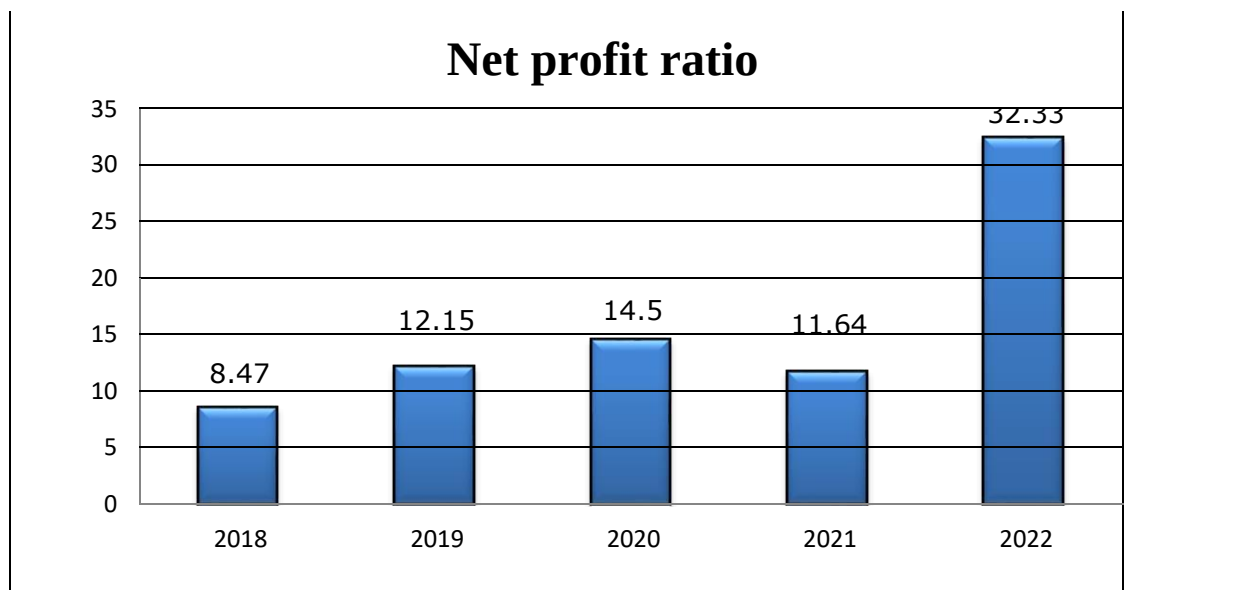
$$\text{Net Profit Margin Ratio} = \text{Net Profit} / \text{Sales} \times 100.$$

TABLE – 4.2

Year	Net profit	Net sales	Net profits ratio
2018	22471.87	265150.63	8.47
2019	31281.78	257323.59	12.15
2020	35210.62	242868.65	14.5
2021	25677.03	220499.32	11.64
2022	56756.31	175518.24	32.33

Source: secondary data

CHART-4.2.1



INFERENCE:

From above the table, it shows that the Net Profit ratio of the bank is in the increasing trend. In the year 2018 the ratio was (8.47) and it was increased in the year 2019 (12.15). In 2020 the ratio was increased to (14.49) and the Net Profit Ratio was increased in the year 2021 (11.64) and in the year 2022 it was increased (32.33).

OPERATING RATION:

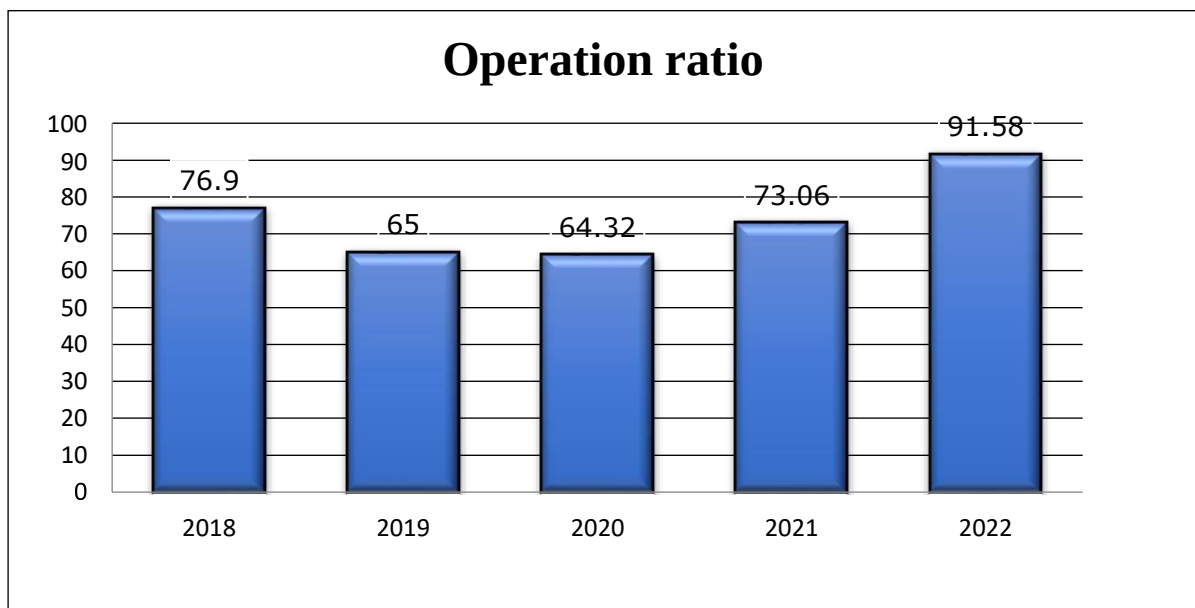
$$\text{Operating ratio} = \text{Operating expenses/net sales} \times 100$$

TABLE – 4.3

Year	Operation expenses	Net sales	Operation ratio
2018	134985.34	175518.24	76.9
2019	143344.82	220499.32	65
2020	156223.54	242868.65	64.32
2021	188013.84	257323.59	73.06
2022	242842.58	265150.631	91.58

Source: secondary data

CHART: 4.3.1



INFERENCE:

From above the table, it shows that the Operating ratio of the bank is in the Increasing trend. In the year 2018 the ratio was (76.9) and it was decreasing in the year 2019 (65). In 2020 the ratio was decreasing to (64.32) and the Operating Ratio was increased in the year 2021 (73.06) and in the year 2022 it was increased (91.58)

RETURN ON INVESTMENT:

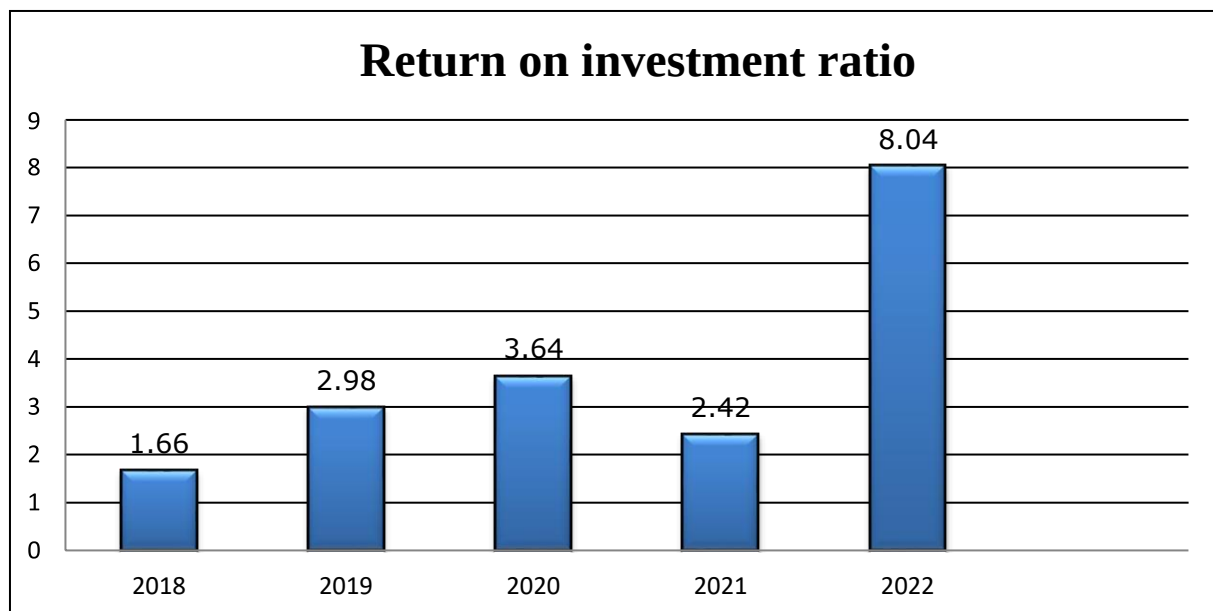
Return on investment = net profit/ cost of investment

TABLE: 4.4

Year	Net profit	Cost of investment	ROI ratio
2018	22471.87	1351705.21	1.66
2019	31281.78	1046954.52	2.98
2020	35210.62	967021.95	3.64
2021	25677.03	1060916.72	2.42
2022	56756.31	705989.63	8.04

Source: secondary data

CHART: 4.4.1



INFERENCE:

From above the table, it shows that the Return on Investment of the bank is in the increasing trend. In the year 2018 the ratio was (1.66) and it was increased in the year 2019 (2.987). In 2020 the ratio was increased to (3.641) and the Return on Investment was decreased in the year 2021 (2.420) and in the year 2022 it was increased (8.039).

CURRENT RATIO:

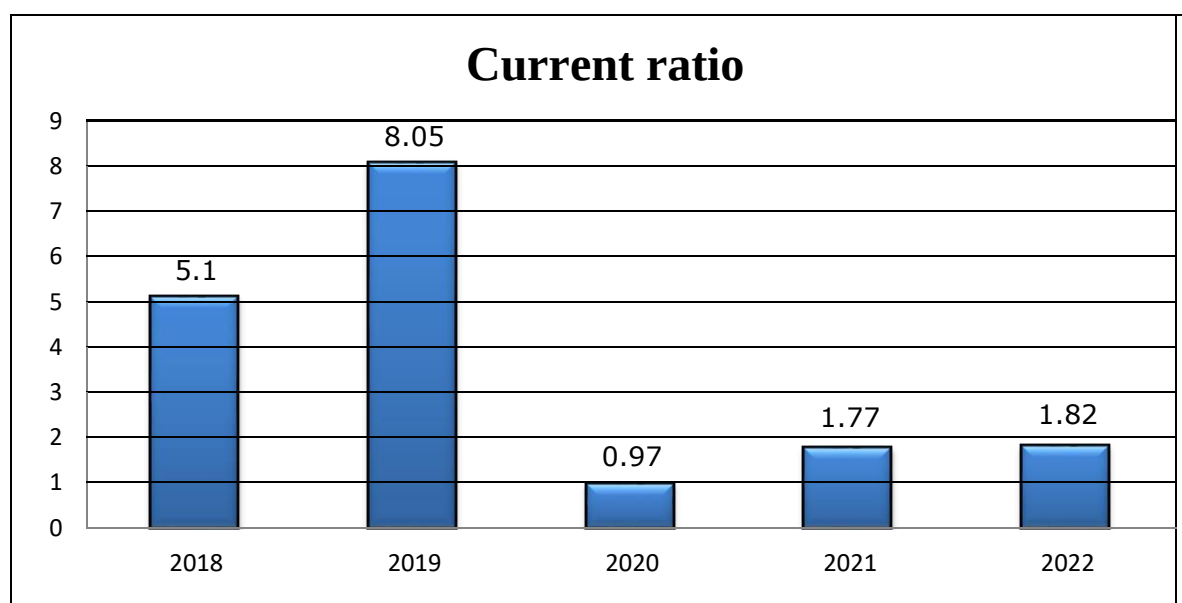
Current Ratio = Current Assets/ Current Liabilities.

TABLE: 4.5

Year	Current assets	Current liabilities	Current ratio
2018	2213912.13	4338779.1	5.1
2019	25766334	3198802.78	8.05
2020	2783579.34	2852690.9	0.97
2021	3058604.01	2596709.2	1.77
2022	4118251.64	2258419.46	1.82

Source: secondary data

CHART: 4.5.1



INFERENCE:

From above the table, it shows that the Current ratio of the bank is in the increasing trend. In the year 2018 the ratio was (51.02) and it was increased in the year 2019 (805.499). In 2020 the ratio was decreasing to (97.577) and the Current Ratio was increased in the year 2021 (117.787) and in the year 2022 it was increased (182.3).

4.6 CASH FLOW STATEMENT ANALYSIS

Annual Data/ Millions of US \$ except per share data	31/03/2022	31/03/2021	31/03/2020	31/03/2019	31/03/2018
Net Income /Loss	\$1,319.572	\$605.535	\$747.333	\$646.29	\$401.193
Total Depreciation and Amortization–Cash Flow	\$228.335	\$146.317	\$90.738	\$100.287	\$99.417
Other Non-Cash Items	\$1,195.774	\$-916.513	\$-871.245	\$-785.862	\$-611.205
Total Non- Cash Items	\$-967.439	\$-770.196	\$-780.507	\$-685.638	\$-978.713
Change In Accounts Receivable	\$2,317.175	\$1,347.128	\$1,147.689	\$-838.638	\$-978.713
Change In Inventories	\$2,085.898	\$718.474	\$-338.274	\$-100.098	\$-58.358
Change In accounts Payable	–	–	–	–	–
Change in Assets/Liabilities	\$1,662.578	\$286.295	\$379.134	\$165.8897	\$679.086
Total change in Assets / liabilities	\$2,740.495	\$-342.36	\$1,106.829	\$1,104.633	\$-357.985
Cash Flow from Operation Activities	\$1,676.988	\$247.011	\$-644.985	\$2999.115	\$-166.954
Net change in Property, Plant, And Equipment	–	–	–	–	–
Net change in Intangible Assets	\$-144.939	\$-131.1	\$-74.988	\$-63.756	\$-58.041
Net Acquisitions/Divestitures	\$-75.444	\$-92.708	\$-32.166	\$7.938	\$566.24
Net change in short- term Investment	\$-344.576	\$23.175	\$-163.818	\$116.631	\$-587.565
Net changes in Long-term Investment	\$-190.933	\$-238.022	\$-151.821	\$-42.282	\$27.054
Net change in investment-total	\$-535.509	\$-214.842	\$-315.639	\$74.349	\$-560.511
Investing Activates – other	\$-15.576	\$-213.504	\$-69.786	\$52.398	\$74.977
Cash flow from Investing Activates	\$-771.467	\$-652.16	\$-492.579	\$70.929	\$22.664
Net Long-Term Debt	\$310.04	\$184.874	\$-120.843	\$108.675	\$45.458
Net current debt	\$1,742.346	\$1,470.776	\$3,950.802	\$646.254	\$1,753.729
Debt Issuance/Retirement net – Total	\$2,052.386	\$1,655.65	\$3,829.959	\$754.929	\$1,799.187
Net common equity issued/Repurchased	\$105.656	\$49.128	\$-187.551	\$-86.193	\$-72.512
Net total Equity Issued/Repurchased	\$105.656	\$49.128	\$-187.551	\$-86.193	\$-72.512
Total common and Preferred stock dividends paid	\$-219.142	\$-210.312	\$-181.521	\$-102.51	\$-86.174
Financial Activities – other	\$42.826	\$176.493	\$208.827	\$104.949	\$-157.458
Cash flow from Financial Activates	\$1981.727	\$1,670.959	\$3,669.714	\$671.175	\$1,483.043
Net cash flow	\$-385.898	\$1,193.985	\$2,491.434	\$410.184	\$41,334.755
Stock-based compassion	–	–	–	–	–
Common Stock Dividends paid	\$-219.142	\$-210.312	\$-181.521	\$-102.51	\$-86.174

INFERENCE:

From above the table, it shows that, cash flow statement is found higher cash balance (668.24) in the current year (2018) lower (131.44).

CHAPTER-V

5.1 FINDINGS

1. Gross profit ratio shows that the ratio is higher (215.77) in the year 2022 and lower (68.4) in the year 2018. Its shows increasing trend every year.
2. Net profit ratio shows that the ratio is higher (32.33) in the year 2022 and lower (8.47) in the year 2018. It shows the increasing trend.
3. Operating profit ratio shows that the ratio is higher (91.58) in the year 2022 and lower (64.32) in the year 2020. Operation ratio shows the fluctuating trend.
4. Return on investment ratio shows that the ratio is higher (8.039) in the year 2022 and lower (1.66) in the year 2018. Its shows the increasing trend.
5. Current ratio shows that the ratio is higher (805.499) in the year 2019 and lower (51.02) in the year 2018.it shows increasing trend.
6. The cash flow statement analysis states that the cash flow Statement of State Bank of India is to be efficient. The Cash inflow of the bank is to be decreased and increased for year after year. It must be efficient for the next year increase our profit.
7. From the study, it has been found that cash flow statement of current year (2018) shows cash increasing tend compared to previous years.

5.2 SUGGESTIONS

The various suggestions are followed analyzing the main finding of this study.

1. The cash management of the company is failed to strengthen the cash position, so the company so required to take steps to improve the cash position by concentrating on receivables, inventories avoiding too much on borrowings.
2. The company failed to manage the receivable in the normal level because of poor performance of the collection procedure and inefficient performance related with managing the receivables.
3. The inventories play a major role in production. So, the concern should take measure to maintain the inventories that are required to in order reduce the e cost and keep the production flow continuously.
4. In 2018-19 the net profit is increased compared to the other four year. So, the concern should maintain the same position to improve the net profit.
5. The cash and bank balance indicate high liquidity position of a company, maintain cash including bank balance is at an optimum level and it is enough to meet day to day requirement.

5.3 CONCLUSION

From the critical analysis depicted through out of the study. It is evident that the overall cash management of the bank about profitability is not satisfactory but still, the Bank can be maximized through stringent measures which will enhances the operating of the bank. Since the bank faces losses management must take several steps to improve the profitability. Analysis and Interpretation of the financial data of ascertain the cash position of the firm. The results explores that the firm is unable to meet its short-term obligations. The concern should reduce the long-term loan and obtain the profit. The concern should take various measures to increase the net profit.

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