



---

# A Study On Working Capital Management With Reference To Cooperative Urban Bank Limited

Dr. P.Venkatesh\* , R.Guna\*\* , Mr. Srivatsan R\*\*\* , Prof. MIM. Hilal\*\*\*\*

\*Assistant Professor, Sri Sairam Engineering College, Chennai.

\*\*Students, Sri Sairam Engineering College, Chennai.

\*\*\* CEO &MD, Only Coffee, Chennai.

\*\*\*\*Professor, South Eastern University of Sri Lanka.

---

## ABSTRACT

This project will help the management for decision making and control in Tamil Nadu Newsprint and Papers Limited. The research data used is Secondary data. The secondary data is collected through Annual reports of the company. Ratio analysis, Trend and comparative are the various tools used in the research. This study reveals how cash has a significant change with capital and other financial items. The findings of the study revealed that cash has a significant change and can be improved over a period of time. The research recommended the company to have a better liquidity management policy

**Key Words: Project, Ratio, Changes, Period, Liquidity, Policy, etc.**

## INTRODUCTION OF THE STUDY

In our present day economy, finance is defined as the provision of money at that time it is required. Every enterprise needs finance to carry out its operations. Without finance there won't be any business operations. Every business needs funds for two purposes for the establishment and to carry out its daily operation. Long-term funds are required to create production facilities through purchase of fixed assets such as land and building, plant and machinery, etc. Funds also needed for short-term purpose for the raw material, payment of wages and other day-to-day operation expenses, for maintaining every day operation without any interruption it is necessary to maintain and manage Working capital is the life blood and nerve center of a business. Just as circulation of blood is essential in human body like, working capital is essential to maintain the smooth running of business. No business can run successfully without an adequate amount of working capital. Working capital refers to amount required for financing short-term or current assets such as cash, receivable and inventories. It is essential to maintain proper level of these assets. Proper management of working capital is an important area of financial manager. So the researcher takes working capital management in AURBANCO-OPERATIVE BANK for the study. Every business needs fund for two purposes. Long term funds are required to create production facilities through purchase of fixed assets. Such as, plants, machineries, land, buildings, etc., Investments in these

represent that part of firm's capital which is blocked on a permanent or fixed basis and is called fixed capital. Funds are also needed for short term purpose for the purchase of raw material, payment of wages and other day-to-day expenses, etc., Those funds are known as working capital. In other words, working capital refers to that part of the firm's capital which is required for financing short-term or current assets etc. The assets of this type are relatively temporary in nature.

Working capital is the amount of funds which a company must have, to finance its day-to-day operations. In the words it is the capital that makes a company work. The total capital employed consists of fixed assets and working capital. Fixed assets form a support to the company's long term operations which working capital is regarded as that portion of the company's total capital which is employed in short term operations. Working capital is also known by other terms, viz. Circulating capital, Fluctuating capital Revolving capital, and it's part of the firm's capital, etc.,

## **REVIEW OF LITERATURE**

**MR.S.KUCHHALY(2011)** "Studying triangle relationship among firm size, capital structure and financial performance of Turkey based companies, found out that the impact of firm size on performance and sustainability would vary in line with the expansion financed. The study revealed the depth financing increases that the risk exposure of the firm".

### **SILMANDFATHI(2012)**

"Investigate relationship between working capital management and the companies "profitability, and identify the variables that most affect profitability. It is also an empirically study where the author have investigated the effect of working capital management on the companies "profitability by using a sample of Indian FMCG companies. The study concludes with the observation that both CCC and debt used by the firm are negatively associated with the companies "profitability".

**Nakamura Palombini Nathalle Vicente and Nakamura Wilson Toshiro (2012)** focus on the key factors of working capital management by exploring the internal variables of a number of companies. 2976 Brazilian Public Companies data from 2001 to 2008 were used for the study. And it was found that debt level, size in growth rate could affect the working capital management of the companies.

**Akoto Richard K., Vitor Dadson A. and Angmor Peter L. (2013)** closely study the relationship between working capital management policies and profitability of the thirteen listed manufacturing firms in Ghana. At the end of the study, a significantly negative relationship between profitability and accounts receivable days is found to exist.

**Dr.Khatik S. K. and Jain Rashmi (2009)** state that the management of working capital is one of the most important and key resources of an organization for its day-to-day operations. Working

capital can be taken as funding resources for routine activities of business. It is the most vital and important part of fund management and profitability for business.

### **PROBLEM STATEMENT**

To purchase raw material, spares and component parts. To pay wages and salaries. To incur day to day expenses to meet selling costs such as packing, advertising. To provide credit facilities. To maintain inventories of raw material, work-in-progress and finished goods. Adequate working capital is needed to maintain a regular supply of raw materials, which in turn facilitates smoother running of production process. Working capital ensures the regular and timely payment of wages and salaries, thereby improving their morale and efficiency of employees.

### **OBJECTIVES OF THE STUDY**

- To analyze the working capital position of the bank.
- To assess the current asset position.
- To assess the operational efficiency of the bank.
- To analyze the current position of the bank.
- To analyze loan amount for various types of loan

### **RESEARCH METHODOLOGY**

#### **Methodology**

The study was purely based on secondary data. All the details necessary for conducting this study were available within the company itself in the form of records. The researcher collected all the details from the annual reports, periodicals and other records of the company. The data collected were tabulated separately and the performance of the company was reviewed by making data analysis. Management tools like ratio analysis, funds flow analysis and cash flow analysis were used for the analysis and interpretation of data collected. Data for five years are given in annual reports ending with March, namely 31-03-2016, 31-03-2017, 31-03-2018, 31-03-2019 and 31-03-2020 therefore the researcher had taken these years.

#### **Tools used for representing data**

- Changes in working capital
- Ratio analysis

### **DATA ANALYSIS AND INTERPRETATION**

**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2015 -2016**

<b>Particulars</b>	<b>2015</b>	<b>2016</b>	<b>Increase</b>	<b>Decrease</b>
<b>Current asset;</b>				
Sundrydebtors	1024585.80	2117320.25	1092734.45	-
Cashinhand	334252.25	182415.15	-	151837.1
Loans&advance	29192339	36506659	8314320	-
<b>Total current assets(A)</b>	<b>29551177.05</b>	<b>38806394.4</b>	<b>-</b>	<b>-</b>
<b>Current liabilities;</b>				
Sundrycreditors	1447107.82	1667138.07	-	220030.25
Division	2437135	2474421	-	37286
<b>Total current liabilities(B)</b>	<b>3884242.82</b>	<b>4141559.07</b>	<b>-</b>	<b>-</b>
Workingcapital(A-B)	25666934.23	34664835.33	9407054.45	409153.35
Increaseinworkingcapital	8997901.1	-	-	8997901.1
<b>Total</b>	<b>34664835.33</b>	<b>34664835.33</b>	<b>9407054.45</b>	<b>9407054.45</b>

**INTERPRETATION:**

From this above statement reveal that the comparison between year 2015-2016 by which its clear show that there is increase in the working capital ratio about difference

**STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2016-2017**

<b>Particulars</b>	<b>2016</b>	<b>2017</b>	<b>Increase</b>	<b>Decrease</b>
<b>Current asset;</b>				
Sundrydebtors	2117320.25	3402880.75	1285560.5	-
Cashinhand	182415.15	146759.50	-	3565.6
Loans&advance	36506659	58592322	22085663	-
<b>Total current assets(A)</b>	<b>38806394.4</b>	<b>62141962.25</b>	<b>-</b>	<b>-</b>

<b>Current liabilities;</b>				
Sundrycreditors	1667138.07	1998548.03	-	331409.96
Division	492050	573944	-	81894
<b>Total current liabilities (B)</b>	<b>2159188.07</b>	<b>2572492.03</b>	-	-
Workingcapital(A-B)	36647206.33	59569470.22	-23371223.5	448959.61
Increaseinworkingcapital	2292263.89			2292263.89
<b>Total</b>	<b>59569470.22</b>	<b>59569470.22</b>	<b>23371223.5</b>	<b>23371223.5</b>

#### INTERPRETATION:

From this above statement reveal that the comparison between year 2016-2017 by which its clear show that there is increase in the working capital ratio about difference Rs2292263.89 during year 2015-2016.

#### STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-2018

Particulars	2017	2018	Increase	Decrease
<b>Current asset;</b>				
Sundrydebtors	2654917.75	2680926.85	26009.1	-
Cashinhand	672980.30	872068.50	199088.2	-
Loans&advance	58948751	71861842	12913091	-
<b>Total current assets(A)</b>	<b>62276649.05</b>	<b>75414837.35</b>	-	-
<b>Current liabilities;</b>				
Sundrycreditors	2378552.07	2890605.75	-	512053.68
Division	6520313.9	4738111835	467291521.1	-
<b>Total current liabilities (B)</b>	<b>8898865.97</b>	<b>476702440.8</b>	-	-
Workingcapital(A-B)	53377783.08	401287603.5	480429709.4	512053.63
Increaseinworkingcapital	347909820.4	-	-	479917655.7

<b>Total</b>	<b>401287603.</b>	<b>401287603.</b>	<b>480429709.</b>	<b>480429709.</b>
	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>

#### **INTERPRETATION:**

From this above statement reveal that the comparison between year 2017-2018 by which its clear show that there is increase in the working capital ratio about difference Rs479917655.7 during year 2017-2018.

#### **STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019**

<b>Particulars</b>	<b>2018</b>	<b>2019</b>	<b>Increase</b>	<b>Decrease</b>
<b>Current asset;</b>				
Sundry debtors	3402880.75	2654917.75	-	74769.3
Cash in hand	146759.50	672980	526220.8	-
Loans & advance	58592322	58948751	356429	-
<b>Total current assets(A)</b>	<b>62141962.2</b>	<b>62276649.0</b>	<b>-</b>	<b>-</b>
	<b>5</b>	<b>5</b>		
<b>Current liabilities;</b>				
Sundry creditors	1998548.03	2378552.07	-	38004.02
Division	573944	94481.00	479463	-
<b>Total current liabilities (B)</b>	<b>2572492.03</b>	<b>3473033.07</b>	<b>-</b>	<b>-</b>
Working capital(A-B)	59569470.2	5980365.98	1362112.8	127967.0
	<b>2</b>			<b>2</b>
Increase in working capital	234145.76	-	-	234145.7
				<b>6</b>
<b>Total</b>	<b>59803615.9</b>	<b>59803615.9</b>	<b>1362112.</b>	<b>132112.8</b>
	<b>8</b>	<b>8</b>	<b>8</b>	

#### **INTERPRETATION:**

From this above statement reveal that the comparison between year 2018-2019 by which its clears how that there is increase in the working capital ratio about difference Rs234145.76 during year 2018-2019.

## STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2019- 2020

Particulars	2019	2020	Increase	Decrease
<b>Current asset;</b>				
Sundry debtors	2680926.85	603335.35	-	2077591.5
Cash in hand	872068.50	971845.00	99776.5	-
Loans & advance	71861842.00	79727938	7866096	-
<b>Total current assets(A)</b>	<b>75414837.3</b>	<b>81303118.3</b>	-	-
	<b>5</b>	<b>5</b>		
<b>Current liabilities;</b>				
Sundry creditors	2890605.75	2724668.39	165937.36	-
Division	8308489	9412439	-	1103950
<b>Total current liabilities (B)</b>	<b>11199094.7</b>	<b>12137107.3</b>	-	-
	<b>5</b>	<b>9</b>		
Working capital(A-B)	64215742.6	93440225.74	8131809.8	3181541.5
			6	
Increase in working capital	24224483.14	-	-	49502683.3
				6
<b>Total</b>	<b>934402257.</b>	<b>934402257.</b>	<b>8131809.8</b>	<b>8131809.86</b>
	<b>74</b>	<b>74</b>	<b>6</b>	

### INTERPRETATION:

From this above statement reveal that the comparison between year 2019-2020 by which it is clear that there is an increase in the working capital ratio about a difference of Rs 49502683.36 during the year 2019-2020.

### CONCLUSION

Cooperative urban bank is ineffectively managing fixed assets, current assets, inventories, loans and advances. It has a good financial position and then the working capital position of the banking is satisfactory to meet the current obligations. It is reflected in increasing revenue and increasing profits. Urban co-operative bank Ltd is overall financial performance and working capital management is satisfactory.

## REFERENCES:

1. Dr.P.Venkatesh (2021). A Study on Technical Analysis Using Candlestick Pattern of Selected Large Cap Stocks Listed in National Stock Exchange (NSE), India with Reference to Steel Sector. GSI Journals Serie B: Advancements in Business and Economics, 3 (2), 62-71. DOI: 10.5281/zenodo.4972495
2. Venkatesh.P (2013) "Viral Marketing of Digital Products Using Social Media" PEZZOTTAITE JOURNALS, ISSN: 2319-9016, online ISSN No: 2319-9024, Volume. 2, PP. 120-125.
3. Venkatesh.P (2017) "A Descriptive Analysis of Short Term Solvency and Profitability of Selected Pharmaceutical Companies in India" Journal of Advance Research in Dynamical & Control Systems, ISSN: 1943- 023X, 07-Special issue on Management Studies.
4. Venkatesh.P (2017) An Evaluation of Liquidity and Profitability of Selected Pharmaceutical Companies in India, Journal of Advanced Research in Dynamical & Control Systems ISSN: 1943-023X, 07-Special issue on Management Studies.
5. Venkatesh.P (2018) "A Study On Customer Perception towards Mugi Ultra Liquid Detergent" International Journal of Mechanical and Production Engineering Research and Development (IJMPERD), ISSN (P): 2249- 6890; ISSN (E): 2249-8001 Vol. 8, Special Issue 3, PP: 978-984.
6. Venkatesh.P (2018) "A Study on Impact of Profit, Earning Per Share And Dividend On Equity Performance On Select Steel Sector Using Discriminant Function Analysis" International Journal of Mechanical and Production Engineering Research and Development (IJMPERD),, ISSN (P): 2249-6890; ISSN (E): 2249- 8001 Vol. 8, Special Issue 3, PP: 998-1007
7. Venkatesh.P (2018) "Saving Habit And Investment Preference Of Government School Teachers In Vellore District" International Journal of Mechanical and Production Engineering Research and Development (IJMPERD), ISSN (P): 2249-6890; ISSN (E): 2249-8001 Vol. 8, Special Issue 3, PP: 922-926.
8. Venkatesh.P (2019) "A Research on Profitability and Dividend using ARIMA Model with reference to Steel Sector" International Journal of Innovative Technology and Exploring Engineering (IJITEE), ISSN: 2278-3075, Volume-9, Issue-1, November2019.
9. Venkatesh.P (2019) "A Research on Supplier Performance with reference to Switching Technologies Gunther Limited" International Journal of Innovative Technology and Exploring Engineering(IJITEE), ISSN NO : 2278-3075, Volume 9, Issue-I, NOV/2019, Page No:5452-5455,
10. Venkatesh.P (2019) "A Study On Job Satisfaction Of Employees With Reference To Titanium Equipment And Anode Manufacturing Company Ltd." Journal Of The Gujarat



Research Society, ISSN: 0374-8588, Volume 21 Issue 17, December 2019, PP: 1569-1581.

11. Venkatesh.P (2019) "A Study On Recruitment And Selection Process With Reference To Allsec Technologies" Journal Of The Gujarat Research Society, ISSN: 0374-8588, Volume 21 Issue 17, December 2019, PP: 1582-1604.
12. Venkatesh.P (2020), "A Study And Analysis On Impact Of Brand Equity With Reference To Air India", Studies In Indian Place Name, ISSN: 2394-3114, Vol 40 issue 40 (s1) March 2020, PP: 304
13. Venkatesh.P (2020), "A Study On The Effectiveness Of Talent Acquisition With Reference To Pan Asia Resources", Studies In Indian Place Names ISSN: 2394-3114, Vol 40 issue 40 (s1) March 2020, PP: 317
14. Venkatesh.P(2020) "A Study On Performance Analysis Of Selected Mutual Fund Schemes In India" Solid State Technology, ISSN NO : 0090-5674, Volume 63, Issue-2s, OCT/2020, Page No:1010-8
15. Dr.P.Venkatesh (2021). A Study on the Weak Form Efficiency of Metals & Mining Sector in BSE. Natural Volatiles & Essential Oils, ISSN: 2148-9637, Vol.8 (4), 287-296. (Scopus).
16. Dr.P.Venkatesh (2021). A Study On Technical Analysis Of The Commodity Market With Special Reference To Gold And Silver. Natural Volatiles & Essential Oils, ISSN: 2148-9637, Vol.8 (4), 366-379. (Scopus).
17. Dr.P.Venkatesh (2021). A Study on School Children's Perception Towards Frequency Of Visits And Selection Of Junk Food Retail Chain Store. Natural Volatiles & Essential Oils, ISSN: 2148-9637, Vol.8 (5), 8181-8190. (Scopus).
18. Dr.P.Venkatesh (2021). Study on Price Discovery of Selected Indian Agriculture Commodity with Special Reference to NCDEX. International Journal of Advance and Innovative Research, ISSN: 2394-7780, Vol.8 (3), 76-84.