

# **PROJECT WORK**

## **Working Capital Management In State Bank of Mysore**

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**Name: \*\*\*  
Enrollment Number: \*\*\***

**Place:**

**Date:**

**Signature of Student**

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## CERTIFICATE

This is to certify that **Mr. \*\*\*** has planned and conducted the project entitled **Working Capital Management in State Bank of Mysore** under my guidance and supervision and the report submitted therewith was the result of the confide work done by him.

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Place:

(Signed)

Date:

**Surinder Gaiind**

(Project Guide)

## **ACKNOWLEDGEMENTS**

In pursuing and completion of my MBA and other commitments, I undertook the task of completing my Project on "Working Capital Management in State Bank of Mysore".

I am fortunate in having sought and secured valuable guidance, continuous encouragement, and strong support at every stage of my guide \*\*\* and am deeply grateful to him/her.

Finally, I also acknowledge with deep gratitude, the immense support I received from my family members who have always encouraged me and have been a source of inspiration and help in continuing my effort.

Last but not the least my special thanks go to all those who have given all the secretarial support – despite all other commitments.

**Sign**

**Student Name\*\*\***

# **INTRODUCTION**

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## **CHAPTER 1: INTRODUCTION**

The working capital is the life blood and nerve centre for any business. The importance of working capital in any industry needs no special emphasis. No any business can run effectively without a sufficient quantity of working capital. It is crucial to retain right level of working capital. Working capital management is one of the most important functions of corporate house. A business enterprise with ample working capital is always in a position to avail advantages of any favorable opportunity either to buy raw materials or to implement a special order or to wait for enhanced market status. Working capital can be utilized for the payment of lease, employee's payroll, and pretty much any other operating costs that are involved in the everyday life of business. Even very successful business owners may need working capital funds when the unexpected circumstances arise. The overall success of the company depends upon its working capital position. So, it should be handled properly because it shows the efficiency and financial strength of company.

Working capital management is highly important in firms as it is used to generate further returns for the stakeholders. When working capital is managed improperly, allocating more than enough of it will render management non-efficient and reduce the benefits of short term investments. On the other hand, if working capital is too low, the company may miss a lot of profitable investment opportunities or suffer short term liquidity crisis, leading to degradation of company credit, as it cannot respond effectively to temporary capital requirements. Efficient

## **CHAPTER 4: METHODOLOGY**

The Research and Methodology adopted for the present study has been systematic and was done in accordance to the objectives set which has been detailed as below.

### **Research Definition**

Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in future course of action.

### **Nature of Research:**

Research is basically of two types.

- Descriptive research
- Explorative research

### **Descriptive Research:**

My research design is descriptive as descriptive research -

- Describe the characteristics of certain groups/ samples / populations.
- Estimate proportions in specified populations.
- Make specific predictions.

## **Determining sources of Data:**

There are two main sources of data

- Primary data
  
- Secondary data

### **Primary Data:**

It consists of original information's collected for specific Purpose. Primary data for this research, data are collected through a direct source like survey to obtain the first hand information is others resources are written below.

- Survey.
- Face to face interaction.

### **Secondary Data:**

It consists of information that already exists somewhere and has been collected for some specific purpose in the study. The secondary data for this study is collected from various sources like

- Books.
- Website.
- Newspaper.
- Financial Magazine. ( weekly , business world etc)

### **Questionnaire Development:**



Questionnaire is the most common instrument in collecting primary data. The present questionnaire consists closed ended type of questions.

### **Sampling:-**

Sampling is that part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inference. In my survey, I have taken convenience sampling.

My sampling is probability sampling as probability sampling that has been selected using simple random selection each unit in the population has a known chance of being selected.

Moreover, my sampling technique is simple random technique as in simple Random sampling; each unit of the population has an equal probability of inclusion in the sample. In my survey, each respondent have equal opportunity to be selected and the data, which I collected, was from customers of SBI who had taken loan.

**DATA COLLECTED**

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## **CHAPTER 7 FINDINGS**

Working capital is a very vital part of an organization whether it is a Bank or any other organization and this project is going to help me in my future a lot.

From this study, it is observed that the associates' average efficiency level was satisfactory. Average of average values of all the years for the group of banks is showing good position. But it does not mean that most of the banks performed well throughout the period. Rather, all the banks except state bank of Travancore were not satisfactory. In my study period no bank has shown steady improving state of efficiency in managing working capital. Fluctuation was a common trend for all the banks.

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# **RECOMMENDATION**

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## CHAPTER 8 RECOMMENDATION

- Working capital is increasing every year. Profit also increasing every year this is good sign. It has to maintain it further, to run the business long term.
- The bank has sufficient working capital and has better liquidity position. By efficient utilizing this short-term capital, then it should increase the turnover.
- The bank should take precautionary measures for investing and collecting funds from receivables and to reduce the bad debts.
- The bank has sufficient working capital and has better liquidity position. By efficient utilizing this short-term capital, then it should increase the turnover.

# CONCLUSIONS

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## **CHAPTER 9 CONCLUSIONS**

The project undertaken has helped a lot in gaining knowledge of the "Credit Policy and working capital Management" in Nationalized Bank with special reference to State Bank of India. Credit Policy and Credit Risk Policy of the Bank has become very vital in the smooth operation of the banking activities. Working capital of the Bank provides the framework to determine (a) whether or not to extend credit to a customer and (b) how much credit to extend. The Project work has certainly enriched the knowledge about the effective management of "Working capital" and "Working capital Management" in banking sector.

"Working capital Management" is a vast subject and it is very difficult to cover all the aspects within a short period. However, every effort has been made to cover most of the important aspects, which have a direct bearing on improving the financial performance of Banking Industry.

To sum up, it would not be out of way to mention here that the State Bank of India has given special inputs on "Credit Policy" and "Working capital management". In pursuance of the instructions and guidelines issued by the Reserve Bank of India, the State bank of India is granting and expanding credit to all sectors. The concerted efforts put in by the Management and Staff of State Bank of India has helped the Bank in achieving remarkable progress in almost all the important parameters. The Bank is marching ahead in the direction of achieving the Number-1 position in the Banking.

This group comprises of the State Bank of India and its seven subsidiaries viz., State Bank of Patiala, State Bank of Hyderabad, State Bank of Travancore, State Bank of Bikaner and Jaipur, State Bank of Mysore, State Bank of Saurashtra, State Bank of India. SBI is the largest bank in India. If one measures by the number of branch offices and employees, SBI is the largest bank in the world.

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# **APPENDIX**

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## **APPENDICES**

### **QUESTIONNAIRE**

Dear Sir/ Madam,

As part of my MBA curriculum, I, Name\*\*\*\*, is conducting a market research regarding the working capital management for which I need your personal views regarding the net working capital in shape of a questionnaire designed by me. The data being collected are solely for academic purpose. I request you to kindly extend your co-operation.

1) Name:

2) Profession:

3) Age group:

A) 18-30 yrs.

B) 31-40 yrs.

C) 41-50 yrs.

D) 51-60 yrs.

4) How do you manage the working capital?

5) How much current Assets do you have?

- 6) How do you distribute the current assets?
- 7) How much current liability do you have?
- 8) In which area do you distribute the current liabilities?
- 9) Can you give me the net working capital of last four years?
- 10) Why in the year 2010 the working capital is in the good level?
- 11) Why in the year 2013 net working capital is decreased more than half?
- 12) How in the year 2014 SBM is able to manage the net working capital?

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