

A STUDY ON CASH MANAGEMENT

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ABSTRACT : Cash control is the blood of a commercial enterprise firm, requiring the purchase of the goods, assets, gadget and other property used to supply the goods and offerings provided by using the organization. In coins control the financial supervisor ought to don't forget two things, namely liquidity and profitability. The company need to hold a large cash stability to satisfy its financial obligations. Doing so method the business enterprise loses cash properly, that is only money inside the shape of currency [cash in hand]. Cash control is one of the key areas of operating capital management. Cash Management at Kotak Mahendra suggests cash drift and waft each yr. It help to recognizes the service furnished for clients. From a sales account and a capital account it may be analyzed that the business enterprise is jogging at a loss. Therefore, it calls for a few action to work longer. The agency may additionally advocate that maximum funds be held in coins to cowl its fees.

KEY WORDS: Cash Management, Good cash managements, FINANCING, LIQUIDITY.

I. INTRODUCTION

1.1.OBJECTIVE OF THE STUDY

The targets of the undertaking tell us why the task became taken under take a looks at. This allow us analyze more about the subject being taken up and allow us discover the future prospects of that organizations. Basically it tells you what is being studied at the same times as doing the mission.

Study the components and capabilities of cash control and study the history of coins management at Kotak Mahindra Bank.

Analyzing the manner of dealing with coins from operations and net running capital at Kotak Mahindra Bank. Exploring decided

on bank control blessings to apprehend the monetary position of the bank.

1.2. KEY TO GOOD CASH MANagements

The bottom line for right cash managements is that, in a disaster, ordinary financial statements are beside the point and essential to get out of the coins perspective. In a cash crisis like a recession, the enterprise owner's attention span turns into too brief-term. Often, the coins disaster prompts properly cash control practices among enterprise manager moving ahead from that day. Managers need to apprehend the way to makes a month-to-month coins finances. Next, they should recognizes the origins and makes use of coins flows stated

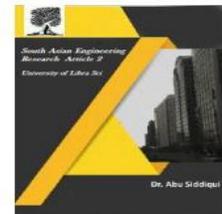


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in the cash waft announcement, which is one of the three required monetary statements.

The feedback you get from those monetary statements is helpful. Beginning with stock and bills receivable, if managers can growth their coins flows, they can constantly keep away from running coins and divulge themselves to cash drift issues. Cash go with the flows is calculated by way of making some adjustments to internet profits by way of adding or subtracting the variations in income, prices and credit transactions (observed inside the balance sheet and earnings statement) as a consequence of transactions from one length to another. These changes are made so that money-loose objects are computed as internet income (income statement) and general property and liabilities (stability sheet). Therefore, considering all transactions do no longer incorporate real coins items, most gadgets want to be re-evaluated whilst calculating coins float from operations. Change in account receivables on the balances sheets from one accounting periods to some other also are reflected in cash go with the flow. If the accounts receivable decreases, this means that purchasers have greater cash flowing from those who pay their credit score bills - the reduced quantity of AR brought to internet sales. If bills receivables increases from one accounting length to some other, the boom amount have to be deducted from net income due to the fact the quantities represented inside the AR are revenue however not cash.

The increases in stocks, then again, indicates that a enterprises has spent more money to shop for extra uncooked

substances. If stock is paid with coins, the boom in stock cost is deducted from net income. A lower in stock will upload to internet sales. If stock is purchased on credit, an increase in bills payable will occur on the stability sheets and the boom from 12 months to another might be added to the entire net sales.

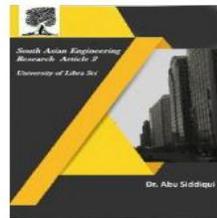
The equal common sense is actual for taxes, salaries to be paid and prepaid insurance. If any is paid, the difference in fee from twelve months to the subsequent ought to be deducted from internet income. If the amount nonetheless has to be paid, then any variation have to be brought to the net income. (For a top level view of the cash flow, see Operating Cash Flow: Better than Net Income?)

1.3. INVESTING

Changes in system, property or investments are associated with cash float from the investment. Generally, cash-to-cash adjustments are a "cash out" item, because coins is used to shop for quick-term belongings together with new device, homes or marketable securities. However, while a agency leaves a assets, the transaction is considered a "coins-in" to calculate cash from the investment.

1.4. FINANCING

Changes in debt, loans or dividends are calculated as coins from financing. Changes in cash from financing are "cash in" whilst capital is raised, and they're "coins out" when dividends are paid. Thus, if a organization troubles a bond to the general public, the organization gets cash financing; However, while hobby is paid to bondholders, the enterprise drops its coins.



II. REVIEW OF LITERATURE

2.1. The Cash Flow Sensitivity of Cash

We versions the company's call for liquidity to increases a brands new tests of the impact of financial constraint on company policies; The impacts of financial constraint is summarized via the company's propensity to keep cash from cash flows (cash flow sensitivity of cash). We hypothesize that the employer's boundaries must include a high-quality cash floats sensitivity of coins, however that the cash financial savings of an unregulated enterprise ought to no longer be systematically connected to cash.

2.2. A Framework of daily family activities (1999)

The reason of this papers is to increase a frameworks to describes and provide an explanation for the daily cash glide management of households, from statistics amassed through semi-dependent interviews, subject matters are evolved and included into the day by day coins drift control framework. The proposed version indicates that families have a procedure for cash control. Continuity specializes in quick-term viability thru safety, manages, consolations, and situational information. This framework fills an opening in existing research at the motivations of factor underlying households' real money management practices.

2.3. A journals on transportation made significant progress

Over the past 2 year, the business enterprise has started to enforce modifications in the corporate and cultural shape of agencies, rather than enforcing delivery control guideline. The success of exchange in illness in transportations depend on whether or not

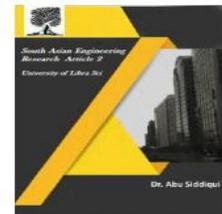
there may be a actual structural trade inside the employer. The measure of fulfillment requires giant long-term commitment through control, not most effective to make changes but additionally to prevent the delivery from going returned to the vintage method.

2.4. A journal on cash management

We have located that the university does no longer have adequate guidelines and processes to screen day by day cash balance and correctly calculate the interest earned on a nice each day coins balance. In tracking every day coins balances, the University does now not (1) pay the high-quality check and (2) undergoes the values of overhead. In addition, the college did not use the best interest charge whilst calculating the hobby sent to the federal government.

2.5. CASH AND PROFIT

Cash drift and earnings are not the identical thing. Financial accounting isn't always focused on coins flow. It focuses on internet income or income. In the long term, earnings and cash float are **kind of the equal however the**key distinction is time. Time is vital for small enterprise. For example, when you sell to a credit client, you immediately apprehend that sale for your profits statement. It is known as Accrual Accounting. However, you do not get any cash right away. On your coins finances and announcements of cash flow, that credit transactions will now not show till you actually obtain the fee. You can see how the space among profit and coins flow may be very large. If you have got a fast increase in credit income, for instance, the income is extra than the actual coins



obtained. This form of situation is possibly to expire of coins for smaller agencies.

2.6. WHAT IS LIQUIDITY?

You frequently hear the time period liquidity combined with cash control. Liquidity is the potential to pay off a agency's quick-term debt responsibilities. In other words, if the enterprise has enough liquidity, it can pay off modern-day liabilities, which includes debts payable. Generally, bills payable are debts you owe to your suppliers. There are methods you could use to degree your liquidity. Financial ratio evaluation will let you decide how liquid your employer is or how a success it's miles in assembly its brief-time period debt responsibilities. Current ratio allow you determines the ratio of your cutting-edge belongings on your present day liabilities. Current belongings include different line gadgets including coins, money owed receivable, inventory and coffee marketable securities. You have to always have more contemporary assets than contemporary liabilities on your stability sheet.

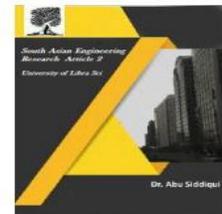
The quick ratio allows you to decide whether you may repay your short-term debt responsibilities or modern-day liabilities without having to promote your inventory. It is critical for a agency if you want to try this, because in case you sell you have to sell stock to pay the payments, because of this you need to discover a consumer for that listing. It isn't always always smooth or possible to discover a customer.

There are many different economic measures you can want to use to determine your coins position. It is herbal for a CEO to

attention on liquidity in preference to an accountant educated to practice accrual accounting. When your enterprise is simply beginning out, you're basically going for walks out of checkbook, which is an instance of coins accounting. As lengthy as there's cash within the account, your enterprise is solvent. As your commercial enterprise turns into greater complex, you want to undertake economic accounting. However, you ought to consciousness on liquidity and coins control even if you song net profits thru economic accounting.

2.7. CASH BUDGETS

Most organizations need to put together monthly cash budget to keeps music in their cash. In reality, cash budgets should be made six to 365 days in advance to assess coins needs. The coins budget captures the time difference between the income you notice within the earning announcements and the cash that clearly comes into and out of the employer. The reason of a coins finances is not to set goals for coins, but to meet needs. Prepare cash budgets 6 to 12 months in advance and modify your cash budget in case your needs alternate. Keep them updated because the price of running a cash-much less enterprise is high. You need to know out of your very own non-public finances. Traditionally put together your budgets. Cash budgets can address "what-if" eventualities. You can use them to test different situations that are viable in the future. You can attach a percents of opportunity to a destiny situation and check your ump halo. For instance, you can alternate the rate of your collection or



the timing of your inventory purchase and notice how this impacts your cash function.

2.8. HOW TO MAXIMIZE YOUR CASH FLOWS

Your intentions, because the owner and supervisor of your employers, is to squeeze out all of the coins you want out of your balance sheet. Not handiest do you wants to get as an awful lot coin as you want out of your employer, but you want to take it away in case of a capability or real disaster. Two of your contemporary asset money owed are typically massive drains in your cash. They are stock and money owed receivable. Inventory method the goods you promote and bills receivable are your credit score account or credit playing cards that you have prolonged to customers. Dues in each accounts should be transformed to cash as soon as possible. You can use financial ratios analysis to test your vicinity for inventory and account return. Inventory turnovers ratio assist you to know if your stock is out of date or if you are promoting too speedy. Accounts receivable ratios and day income are exquisite, letting you know the way rapid your credit customers smooth up their money owed, amongst other things. Once you decide the popularity of your stock and returns, you may take suitable steps to alter the situation and your corporation could have greater coins.

Another manner to get greater cash to your commercial enterprise in regards to your credit customers and bills receivable is to apply the lockbox device to gather payments. If your bills are mailed to Wired or Lockbox, the ones bills will come into your account fasters. Your bank can then

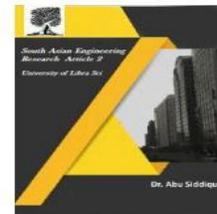
sweep the finances into the interest-bearing bills.

Another quick-time period method to squeeze money from your stability sheet is to observe the modern-day liabilities in your stability sheet. Focus on your bills payable. They owe you in your suppliers. Pay your money owed on the day they may be due, no longer in advance. There isn't any reason to offer your coins days on your suppliers before the bill arrives. Your commercial enterprise desires to use that money. Expand your use of price range.

III. RESEARCH METHODOLOGY

Research is a system through which we systematically and with information aid attempt to solution a query, resolve a hassle, or grow to be more aware of a phenomenon. Often known as the research technique, this procedure has eight awesome functions:

- Research emerges with a question or trouble.
- Research requires clear articulation of the goal.
- Follows a selected plan of studies approach.
- Research generally divides the main problems in to more practicable sub-issues.
- Research is guided by means of a selected studies problem, question or hypothesis.
- Research accepts some complex ump halo.
- The collections and interpretations of facts is important in an try to clear up the problem that initiated the research.
- Research is cyclical with the aids of its very nature; Or greater correctly, helical.



Detailed research is used on this venture record to help clients find out about coins management services and decide their satisfaction level. It is the most popular research approach, generally used in survey studies design, and very useful in defining characteristics of client conduct. The method used is:

Questionnaire method

Direct interaction with customers.

3.1. MODE OF DATA COLLECTION

- Basic statistics: - Sources of simple information are questionnaires and personal interviews.
- Secondary statistics: - The sources of secondary data are the Internet, book and newspapers article.

3.2. Statistical tools for analyzing research:

- Cash from operations
- Networking Capital
- Operating Profits from Ledger
- Limitations of the observe:

3.3. LIMITATIONS OF THE STUDY:

- Study The have a look at does not fund the glide.
- The examiner is in particular primarily based on secondary statistics.
- This observes does not contact all units of Kotak Mahindra Bank.
- The gifts have a look at cannot be used for inter-company comparison.
- Limited time is a first-rate quandary for this undertaking.

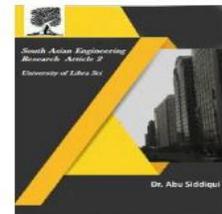
- The data used within the reviews are derived from the annual report posted on the quit of the yr.
- Result does no longer replicate daily transactions.
- It is also impossible to study each day transaction in coin controls.
- Analysis of capital takes 5 years.

IV. DATA ANALYSIS & INTERPRETATION

STATEMENTS TO CHANGE IN WORKING CAPITALS				
PARTICULAR	1-4-2016	31-3-2017	CHANGE IN WORKING CAPITAL	
			INCREASE	DECREASES
Current assets:				
Inventories:				
Raw material	43,81,922	7,485	43,74,437	Consumable stores
28,16,813	4,64,492		23,50,319	
Finished goods	41,40,688	8,02,858	33,37,830	
Sundry debtors	4,62,98,356	4,48,74,766	16,23,590	Cash in hand
3,92,459	2,48,175		1,44,294	
Balance with bank	2,46,415	28,82,845	26,36,432	
Other current assets:				
Deposits	75,36,146	78,64,158	3,28,014	
Income tax (advance)	28,17,390	29,29,205	1,13,817	
Sales tax	3,99,65,000	4,59,65,553	60,00,553	
Total current assets	12,85,93,175	12,60,39,507		
Current liabilities:				
Trade creditors	6,43,85,730	5,99,89,566	43,96,174	
Expenses payable	24,93,600	36,74,600		
Auditor fee	12,000	12,000		
Total current	6,68,89,330	6,36,74,176		
Liabilities				
Working capital	4,17,03,835	4,23,65,340		
(current assets				
-current liabilities)				
Net increase in	6,61,506			6,61,506
working capital				
	4,23,65,341	4,23,65,341	1,34,72,976	1,34,72,976

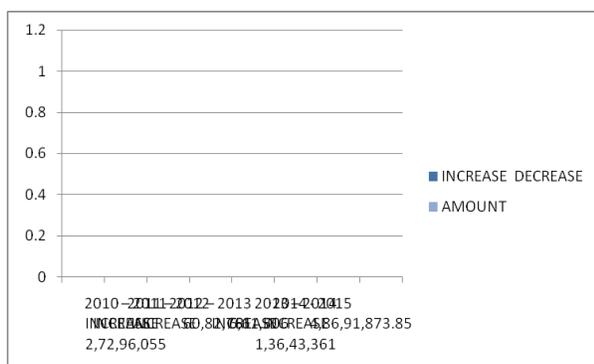


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NET INCREASE IN WORKING CAPITALS

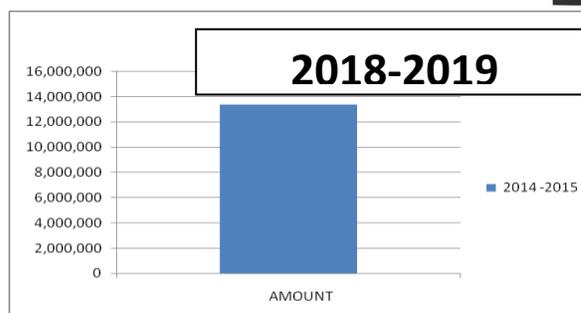
YEARS	INCREASES DECREASES	AMOUNT
2014 – 2015	INCREASES	2,72,96,055
2015 – 2016	INCREASE	60,82,761
2016 – 2017	INCREASE	6,61,506
2017 – 2018	INCREASE	1,36,43,361
2018 - 2019	INCREASE	4,86,91,873.85



The above table has observed that the workload has reduced. In the year 2012 - 13 operating capital changed into multiplied to Rs. 42,88,788. The working capitals for the year 2008-eleven became Rs. 27,29,0.5. & In the yr 2014 - 15 Working Capitals Rs. 60,eighty two,761. The growth in contemporary liabilities results in a lower in net operating capital.

Change in cash from operation

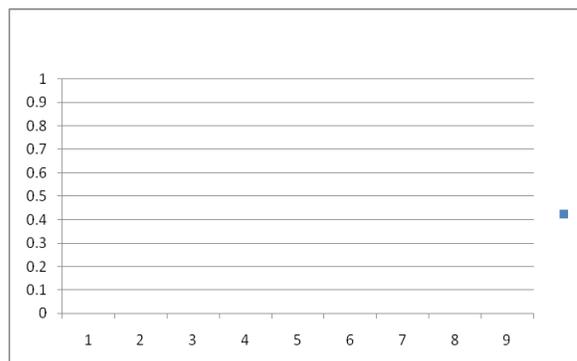
YEARS	AMOUNTS
2014 – 2015	2,17,15,768
2015 – 2016	2,18,70,705
2016 – 2017	2,28,49,042
2017 - 2018	2,33,71,281
2018 - 2019	15,416545



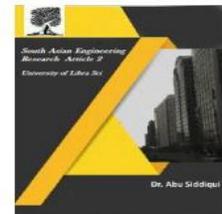
The desk above illustrate the non-stop fluctuation in coins glide from the operations. Cash from operations in 2014-15 was Rs.2,18,70,705. Cash from operations in 2015-sixteen changed into 2,28,49,042 & it accelerated to Rs 2,33,71,281. During the yr 2016-17. The proceed from the operations in 2018-19 amounted to Rs. 15416545-00.

USE & APPLICATIONS OF CASH

APPLICATION N	2013-14	2014-15	2016-17	2017-18	2018-19
Increase in Gross Block	5,04,88,853	3,32,36,937	92,42,544	3,50,70,719	44958369
Secured loans paid	8,80,360	-----	1,84,70,442	----	204195.70
Unsecured loans	----	17,34,480	55,17,348	2,43,186	205717



The above desk gross blocks is Rs. 5,04,88,853 in 2012-13. & Rs. 3,32,36,937 in 2015-sixteen. Secured loan amounted to Rs 8,eighty,360 in 2011-12 and Rs 1,eighty



four,70,442 in 2015-16. Unsecured money owed amount to Rs.17,34,481 in 2014-15. 55,17,348 next 12 month and Rs 2,forty three,186 ultimate 12 months.

SCOPE OF THE STUDY:

This look at is confined to Standards Chartered Bank, because it isn't feasible to do a micro level have a look at of all banking industry in Andhra Pradesh.

Conclusion

This take a look at allowed us to locate solutions to the issues of provider consciousness and the problems it faces. All respondents wanted to fulfill their banking desires that customers normally want, and one of the essential blessings of banking when sitting within the office is one that everybody wants, thereby providing that there may be capability use for the service.

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