A Study on Analysis of Working Capital Management with Special Reference to Private Sector Banks in India

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ABSTRACT :- The banking sector has an important role to play in the economic development of the country. India's banking system is characterized by a vast network of bank branches, offering a wide range of financial services to the people. Banking is the lifeblood of the modern Commerce. Working Capital Analysis has been selected from the private sector Bank (ICICI Bank, HDFC Bank, Axis Bank, Kotak Mahindra Bank, Yes Bank) during the five financial years (2013 to 2017).The study selects private sector banks based on the private secondary data and tools used for ratio analysis. We draw conclusions based on financial instruments such as ratio analysis.

Keywords:- Private Sector bank, Working capital, Cash ratio, Current Ratio, Quick Ratio, Cash Deposit Ratio, Credit Deposit Ratio

I. INTRODUCTION

Working Capital is the life blood of every business concern. Business firm cannot make progress without adequate working capital. Inadequate working capital means shortage of inputs, whereas excess of it leads to extra cost. So the quantum of working capital in every business firm should be neither more nor less than what is actually required. The management has to see that funds invested as working capital in their organization earn return at least as much as they would have earned return if it invested anywhere else. At the time of increasing capital costs and scare funds, the area of working capital management assumes added importance as it deeply influences a firm's liquidity and profitability. A notable feature of utilization of funds is that they are of recurring nature. Therefore, efficient working capital management requires a proper balance between generation and utilization of these funds without which either shortage of funds will cause obstruction in the smoother functioning of the organization or excess funds will prevent the firm from conducting its business efficiently. So the main objective of working capital management is to arrange the needed funds on the right time from the right source and for the right period, so that a trade off between liquidity and profitability may be achieved. The concept of working capital does not apply to banks since financial institutions do not have typical current assets and liabilities such as inventories and accounts payable. Also, it is very hard to determine current liabilities for banks, because banks typically rely on deposits as a source for their capital, and it is not certain when a customer will demand his deposit back.

II. PROFILE OF BANK

HDFC BANK:- HDFC(**Housing Development Financial Corporation**) **Bank Limited** is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It has 84,325 employees and has a presence in Bahrain, Hong Kong and Dubai. HDFC Bank is India's largest private sector lender by assets. It is the largest bank in India by market capitalization as of February 2016. It was ranked 69th in 2016 Brands Top 100 Most Valuable Global Brands. In 1994 HDFC Bank was incorporated, with its registered office in Mumbai, India. Its first corporate office and a full service branch at Sandoz House, Worli were inaugurated by the then Union Finance Minister, Manmohan Singh.[1]

ICICI BANK:-ICICI Bank**,** stands for Industrial Credit and Investment Corporation of India, it is an Indian multinational banking and financial services company headquartered in Mumbai, Maharashtra, India, with its registered office in Vadodara. In 2017, it is the third largest bank in India in terms of assets and fourth in term of market capitalisation. It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialised subsidiaries in the areas of investment banking, life, non-life insurance, venture capital and asset management. The bank has a vast network of 4,850

[1] Retrieved from https://en.wikipedia.org/wiki/HDFC_Bank, Assessed on 21 August, 2018

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branches and 14,404 ATM in India, and has a presence in 19 countries including India.[2]

AXIS BANK:-Axis Bank Ltd is the third largest of the private-sector banks in India offering a comprehensive suite of financial products. The bank has its head office in Mumbai and Registered office in Ahmadabad. It has 3304 branches, 14,003 ATMs, and nine international offices. The bank employs over 55,000 people and had a market capitalization of ₹1.28 trillion (US$20 billion) (as on March 31, 2017). It offers the entire spectrum of financial services large and mid-size corporate, SME, and retail businesses.[3]

KOTAK MAHINDRA BANK:-Kotak Mahindra Bank is an Indian private sector bank headquartered in Mumbai, Maharashtra, India. In February 2003, Reserve Bank of India (RBI) gave the licence to Kotak Mahindra Finance Ltd., the group's flagship company, to carry on banking business. It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of personal finance, investment banking, general insurance, life insurance, and wealth management.[4]

YES BANK:-Yes Bank is India's fourth largest private sector bank, founded by Rana Kapoor and Ashok Kanpur in 2004. Yes Bank is the only Greenfield Bank licence awarded by the RBI in the last one decade. YES BANK is a "Full Service Commercial Bank", and has steadily built a Corporate, Retail & SME Banking franchise, Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking, and Wealth Management business lines across the country.[5]

III. REVIEW LITERATURE

The review of earlier studies on this topic and related topic are essential to have a clear view on the areas already studied. In this part of the thesis, the researcher has presented the various studies done in the field of banking and working

capital management.

James Sagner (2014) says in his book "**Working capital management – application and cases"** says that Working capital is the arithmetic difference between two balance sheet aggregated accounts, current assets and current liabilities. Both current assets and current liabilities are composed of several ledger accounts in balance sheet

[2] Retrieved from, https://en.wikipedia.org/wiki/ICICI_Bank, Assessed on 21 August, 2018.
[3] Retrieved from, https://en.wikipedia.org/wiki/Axis_Bank, Assessed on 21 August, 2018.
[4] Retrieved from, https://en.wikipedia.org/wiki/Kotak_Mahindra_Bank, Assessed on 21 August 2018
[5] Retrieved from, https://www.yesbank.in/about-us/overview, Assessed on 21 August, 2018.

Manika Garg (2015) wrote in her book ***"Working Capital Management***" indicates that permanent or fixed working capital refers to that minimum amount of investment in all current assets which is required at all times to carry out minimum level of business activities. In other words, it represents the current assets required on a continuing basis over the entire year.

Rathiranee Yogendrarajah wrote a paper on , *"**WORKING CAPITAL MANAGEMENT AND ITS IMPACT ON FINANCIAL PERFORMANCE: AN ANALYSIS OF TRADING FIRM**"* with an objective to examine the relationship between the Working Capital Management and Financial Performance of the trading firms listed in Colombo Stock Exchange (CSE). To investigate the impact of Working Capital Management on financial performance of Sri Lanka trading Companies. To examine the impact of accounts receivables days, inventories days, accounts payable days and cash conversion cycle on financial performance a negative relationship between Return on Assets and Inventory turnover and Cash conversion cycle for the trading firms listed on CSE was found. These results suggest that managers can create value for their shareholders by reducing the number of days accounts receivable, increasing the number of days accounts payable and inventories to a reasonable minimum.

Jyoti Mahat and Uday Kumar Jagannathan studiedin their paper, *"Impact of working capital management profitability : Indian Telecom Sector"* says that the purpose of the research is to study the background and characteristics of the Telecom industry in India, to develop a framework for measuring the relationship between working capital management ratios and firm profitability in the telecom industry firms in India, to analyse data related to working capital management and profitability of telecom industry firms in India, to statistically infer on the relationship between working capital management and profitability in the Indian telecom sector. The study is based on the secondary data. In this research the different working capital management practices and its impact on profitability of 8 Indian Telecom Industry listed on the Indian Stock Exchange for a period of five years from 2010 to 2015 has been shown. From this study it is concluded that maintaining efficient level of working capital is very important not only for telecom sector but also for all other sector. The result of study shows that there is significant relationship between profitability and working capital management.

Erik Rehn in his article entitle**, " Effect of working capital management on company profitability "**says that his purpose of the research is to research whether working capital management can affect company profitability in Finnish and Swedish companies. The data sample is collected from the Bureau van Dijk "Orbis" database. The method is used in this research is purely quantitative. The

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data that was gathered was rendered into a panel set of company's years. The test gives a statistically significant conclusion that working capital management does in fact affect corporate profitability. The correlation between the net trade cycle and profitability is clearly negative, as it is with the cash conversion cycle and profitability. The independent t-test shows that data is statistically valid, and the correlation between the different variables are along the lines of the hypothesis laid out in the first part of the chapter. The second hypothesis is not supported by his study as Finnish and Swedish companies do not statistically differ in terms of working capital management.

Dr. Sanjay Kumar Sinha, Dr.Vinayak Chand Tiwari & Sunil Kumar studied in their paper , **"Working Capital Management and its effectiveness on the Profitability of Cipla Company ltd"** in this study an attempt has been made to analyze the size and composition of working capital and whether such an investment has increased or declined over a period of time. This study is based on secondary data. The data required for this study have been extracted from the Annual reports of Cipla Ltd. The study covered a time period from 2001-2002 to 2010-2011. The current assets of Cipla Ltd. have witnessed fluctuation over the past years which were 34 times (approx.) in 2011 in comparison with of 2001. Inventory, debtors and loans & advances played main role in this increase. The study also shows that the contribution of long term source in working capital is below 53.66% in all the study period. It has also been found that during the study period, the working capital of Cipla Ltd. has registered increasing trend in from 2002. And regression results of the study show that the different working capital ratios have statistically insignificant impact on the ROCE of Cipla Ltd.

MR. LALIT KUMAR JOSHI; MR. SUDIPTA GHOSH studied conducted a study entitled**,**

"WORKING CAPITAL MANAGEMENT OF CIPLA LIMITED: AN EMPIRICAL STUDY" the main objective of the study is to examine and evaluate the working capital management of the selected company. The data required to complete the study has been collected from the published annual reports of the selected company. The trend growth rate of selected performance indicators in respect of liquidity and profitability have been examined by fitting long liner trend equation. The current ratio of the company always remained above the standard norm of 2:1, during all the years under study. The performance of the company in terms of quick ratio is also satisfactory, since the ratio remained above the standard norm of 1:1 during all the years under study. In relation to the main objective, it may be concluded that the working capital management of Cipla Ltd. is satisfactory during all the years under study. Moreover, the company has shown significant improvement in liquidity position over the years under study.

Amarjit Gill, Nahum Biger , Neil Mathur studied on the subject of ," **The Relationship Between Working Capital Management And Profitability: Evidence From The United States"** purpose of this research, certain industries were omitted due to the type of activity. For example, they used cross sectional yearly data in this study. 88 financial reports resulted to 264 total observations. Since random sampling method was used to select companies, they consider the sample as a representative sample. The finding indicates that slow collection of accounts receivables is correlated with low profitability. Managers can improve profitability by reducing the credit period granted to their customers. Regarding the average days of accounts payable previous studies reported negative correlation of this variable and the profitability of the firm. We found no statistically significant relationship between these variables. This study is limited to the sample of American manufacturing industry firms. The findings of this study could only be generalized to manufacturing firms similar to those that were included in this research. In addition, the sample size is small.

RESEARCH GAP:- From the above literature review, it seems that over the years various efforts have been made by researchers and academics to evaluate the working capital of the manufacturing sector, service sector, private companies. But, no final work has been done on the analysis of working capital of the banking sector respectively. So, I want to study to highlight this untouchable area.

IV. OBJECTIVE OF STUDY

The following are the important objectives of the present study.

- To evaluate the management efficiency and earning quality of private banks.
- To make a comparative analysis of working capital of private banks of india.
- To find out the factors most influencing the management of working Capital.
- To put forward concrete suggestions and recommendations to make the performance of the private banks effective and efficient.
- To analyse the trend of working capital requirements and predict the same.

V. RESEARCH METHODOLOGY

PROBLEM STATEMENT:-Nowadays banks are not just financial institutions, but much more than that. They help in the development process of the country and they are the source of new dimensions of economics and trade. Therefore, measuring the performance of banks and studying the capital formation of banks is an interesting

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field for research. To analyse the working capital of select private sector banks, the title of the research is framed as: **"A Study on Analysis of working Capital Management with Special Reference to Private Sector Banks in India"**

SOURCES OF DATA:- The data required for the study are collected from secondary sources. The analysis of working capital management of banks and performance highlights of private sector banks both published by the Indian Banks Association form the most important source based on which the present study is accomplished. The annual reports of the five private banks, website likes investopedia.com, moneycontrol.com are also the main sources.

PERIOD OF STUDY:- The study covers a period of 5 years i.e., 2012-2013 to 2016-2017.

SAMPLING PROCEDURE:- In this study of Working Capital Analysis, we have selected five private sector banks. The main criteria for the selection of banks are the most market capitalization and the most popular banks.

RESEARCH TOOLS:-Data analysis is conducted using accounting and statistical tools. Ratio analysis was the accounting tools that were used for the purpose of the present study. Data were analyzed using central tendency, standard deviation, co-efficiency of variation, co-efficiency of correlation, co-efficiency of determination.

SCOPE OF THE STUDY:-

A comparative study on the working capital of private banks in India since 2013 is undertaken for a comparative analysis, the performance of all the Private banks in India is evaluated since 2013. A period of five years from 2013 to 2017 is taken for the study. The present study is undertaken by reviewing and analysing a comparative study on the working capital management of the Private banks in India by using nine parameters namely, Cash ratio current ratio, Quick ratio, Cash deposit ratio, credit deposit ratio.

FUTURE DIRECTION FOR THE STUDY

As observed above, the study had its many individual limitations. Therefore there is vast scope for further research in the direction of the study. Researchers can carry out research from variety of aspects and can give more benefits.

- The present study includes selected banking units in the states of India alone. There is scope for conducting a similar study in other states as well.
- The study of working capital in similar industries in different states can be undertaken.
- An inter-state association of industries on the basis of working capital can be made.
- Research can be conducted to make a comparative study of the working capital of public and private enterprises.
- Working capital of other companies across the boundary can be studied.
- There is scope for studying the effect of the cash on the working capital management.
- A study can be conducted to test the difference determinants that influences the working capital of a company or any firm.

VI. DATA ANALYSIS

Ratio analysis is a very powerful analytical tool that is useful for measuring the performance of an organization. The calculated ratio can be used as a symptom like blood pressure, pulse rate, body temperature etc. Physicians analyze this information to find out the causes of the disease. Similarly, a financial analyst should also analyze the accounting ratio to diagnose the financial health of the enterprise.

CASH RATIO:-

The cash ratio is the ratio of the company's current cash and cash equivalents (CCE) to current liabilities. The cash ratio is used as a measure of a company's liquidity.

Table No. 1 Cash Ratio of Individual selected banks under the study

Bank Name	2016	2017	2018	2019	2020	AVE	SD
Axis	6.1	7.3	7.6	7.3	16.9	9.0	4.0
ICICI	5.7	7.0	6.5	6.5	5.2	6.2	0.6
HDFC	10.3	10.7	18.9	7.6	9.7	11.4	3.9
Kotak	6.4	6.3	5.8	6.0	4.7	5.8	0.6
YES	5.9	6.7	5.7	3.4	2.7	4.9	1.6
AVE.	6.9	7.6	8.9	6.2	7.8	7.5	
SD	1.7	1.6	5.0	1.5	5.1		

It is apparent from the table that the average cash ratio was highest in HDFC bank being 11.415 % followed by the Axis Bank 9.041%. In case of HDFC Bank, it can be analyzed that not only the cash ratio was highest of all selected private banks but also it remained far above the consolidated average of 7.470% during the study period. From the above statistics, it can be said that the absolute liquidity in private banks is too good and bank will not have to face any difficulty to pay current liability on demand and thus having a great cushion against their obligation. Whereas from the profitability point of view, it can be adversely remarked that both banks have maintain unnecessary higher cash than required which is totally non productive.

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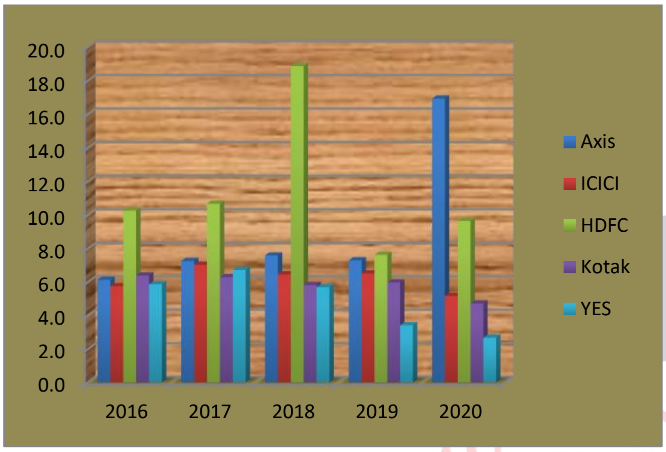
The average cash ratio in Kotak Mahindra Bank was 5.838%, followed by ICICI Bank with 6.182% and Yes Bank with 4.873%. In the above stated Private banks cash ratio remained bellowed the consolidated average ratio of 7.470%. This indicates that the above three mentioned private banks are not maintaining proper cash ratio, particularly, Yes bank is not in a position to pay current liabilities as and when they due because of lack of cash. It can have risk to gain deposit from the depositors. But also from the profitability point of view, it is good sign that bank can manage its banking business at the lower level of cash assets.

Figure No. 1 Bar Chart of Individual Selected banks under the Study



It is apparent from the bar chart that HDFC has performed well throughout the study period in comparison with the other banks. The highest cash ratio was found in the year 2018 which indicates the strong position of HDFC bank to pay off their current liabilities. The lowest ratio was noticed in YES bank in 2020, which is an indication of very weak position of yes bank.

CURRENT RATIO:-

The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term obligations. To gauge this ability, the current ratio considers the current total assets of a company (both liquid and illiquid) relative to that company's current total liabilities.

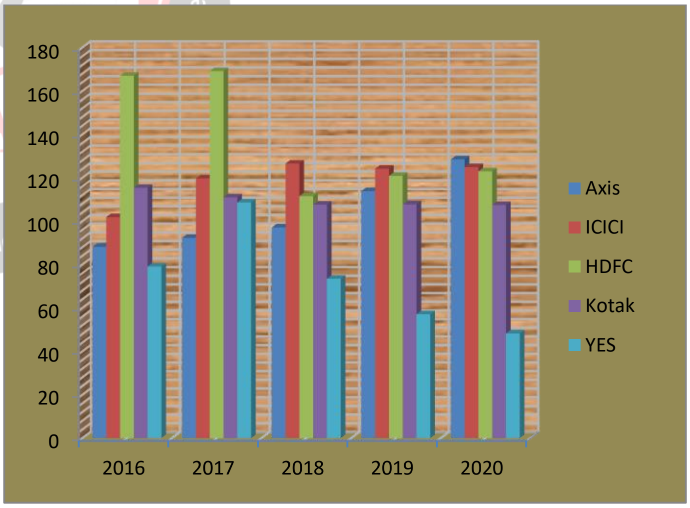
Table No. 2 Current Ratio of Individual selected banks under the study

Bank Name	2016	2017	2018	2019	2020	AVE.	SD
Axis	88	92	97	114	129	104	15
ICICI	102	120	127	124	125	119	9
HDFC	167	169	112	121	123	138	25
Kotak	115	111	108	108	107	110	3
YES	79	109	73	57	48	73	21
AVE.	110	120	103	105	106	109	
SD	31	26	18	25	30		

It is apparent from the table that the average current ratio was highest in HDFC bank being 138.32% followed by the ICICI bank 119.47% and Kotak Mahindra bank 109.85%. In case of HDFC Bank, it can be analyzed that not only the current ratio was highest of all selected private banks but also it remained far above the consolidated average of 108.99% during the study period. From the above statistics, it can be said that the absolute liquidity in private banks is too good and bank will not have to face any difficulty to pay current liability on demand and thus having a great cushion against their obligation. Whereas from the profitability point of view, it can be adversely remarked that both banks have maintain their unnecessary higher current assets than required which is totally non productive.

The average current ratio in AXIS Bank was 104.00%, followed by Yes Bank with 73.31%. In the above stated Private banks current ratio remained bellowed the consolidated average ratio of 108.99%. This indicates that the above two mentioned private banks are not maintaining proper cash ratio, particularly, Yes bank is not in a position to pay current liabilities as and when they due because of lack of cash. It can have risk to gain deposit from the depositors. But also from the profitability point of view, it is good sign that bank can manage its banking business at the lower level of current assets.

Figure No. 2 Bar Chart of Individual selected banks under the study



The above bar chart indicates current ratio of individual selected banks during the study period. It is apparent from the bar chart that HDFC has performed well throughout the study period in comparison with the other banks. The highest ratio was found in the year 2017 which indicates the strong position of HDFC bank to pay off their current liabilities. The lowest ratio was noticed in YES bank in 2020, which is an indication of very weak position of yes bank.

CASH DEPOSIT RATIO:-

Cash to Deposits measures the cash in hand at the bank in a particulars year in relation to the deposits of the

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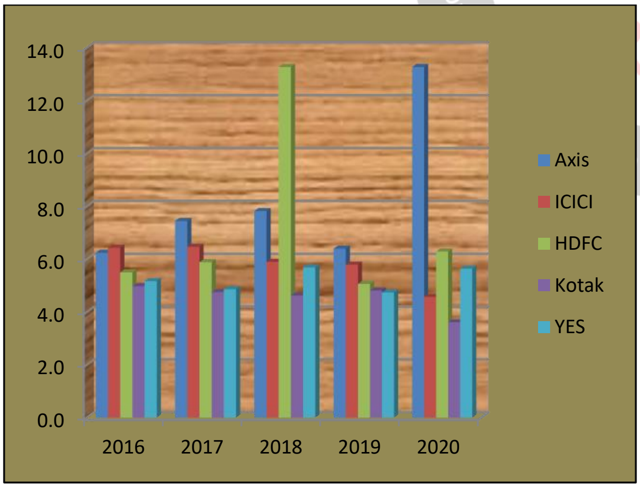
customers. The greater value of this ratio makes the bank less stressful on the liquidity front.

Table No. 3 Cash Deposit Ratio of Individual selected banks under the study

Bank Name	2016	2017	2018	2019	2020	AVE.	SD
Axis	6.2	7.4	7.8	6.4	13.3	8.2	2.6
ICICI	6.4	6.5	5.9	5.8	4.6	5.8	0.7
HDFC	5.5	5.9	13.3	5.1	6.3	7.2	3.1
Kotak	5.0	4.8	4.6	4.8	3.6	4.6	0.5
YES	5.2	4.9	5.7	4.7	5.6	5.2	0.4
AVE.	5.7	5.9	7.5	5.4	6.7	6.2	
SD	0.6	1.0	3.1	0.6	3.4		

In above table portrays the ratio of cash as a percentage of deposit during the period 2016-2020 for the selected banks. This ratio is an indicator of the rate at which the private banks makes less stressful on the liquidity front. Table also reveals the average value of cash-deposit ratio, Standard Deviation for each bank over the study period and also for each year across the five banks. They measure the degree of variability of the ratio. The bank-wise analysis shows that the maximum average of cash-deposit ratio is in the case of the Axis Bank, that is 8.237% followed by the HDFC Bank, that is 7.203%.while the ratio was minimum for the Kotak Mahindra Bank, that is 4.559% followed by the Yes Bank, that is 5.223%

Figure No. 3 Bar Chart of Individual selected banks under the study



The above bar chart indicates cash deposit ratio of individual selected banks during the study period. It is apparent from the bar chart that Axis Bank has performed well throughout the study period in comparison with the other banks. The highest ratio was found in the year 2020 which indicates the strong position of Axis bank to pay off their Deposits. The lowest ratio was noticed in Kotak Mahindra bank during the study period, which is an indication of very weak position of Kotak Mahindra bank.

CREDIT DEPOSIT RATIO

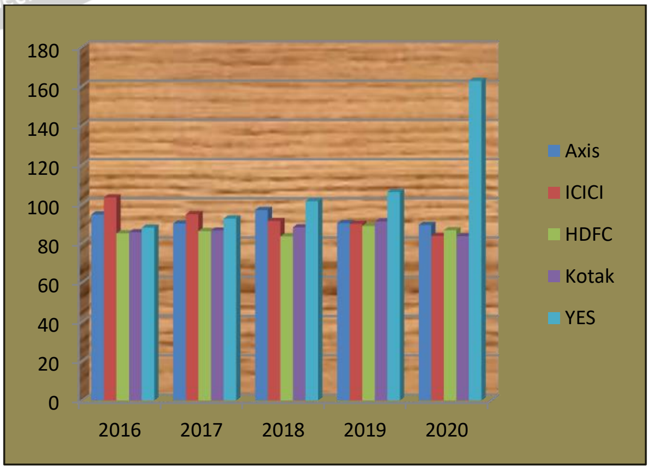
It measures the efficiency of the management in converting the available deposit into advances. The efficiency is positively related to the value of the ratio.

Table No. 4 Credit Deposit Ratio of Individual selected banks under the study

Bank Name	2016	2017	2018	2019	2020	AVE.	SD
Axis	95	90	97	90	89	92	3
ICICI	103	95	91	90	84	93	6
HDFC	85	86	83	89	87	86	2
Kotak	86	86	88	91	84	87	3
YES	88	93	101	106	163	110	27
AVE.	91	90	92	93	101	94	
SD	7	3	6	6	31		

The above table presents the ratio of credit as a percentage of deposit during the period 2016 to 2020 for the selected banks. This ratio is an indicator of the rate at which the private banks lends credit within available deposits. The table also reveals the average value of credit-deposit ratio, Standard Deviation (S.D.) for each bank over the study period and also for each year across the five banks. They measure the degree of variability of the ratio. The bank-wise analysis shows that the maximum average of credit-deposit ratio is in the case of the YES Bank, that is 110.138% followed by the ICICI Bank, that is 92.581% while the ratio was minimum is in HDFC Bank, that is 86.002% followed by the Kotak Mahindra Bank, that is 86.961%. The average ratio was 93.579%.

Figure No. 4 Bar Chart of Individual selected banks under the study



The above bar chart indicates credit deposit ratio of individual selected banks during the study period. It is apparent from the bar chart that YES Bank has performed well throughout the study period in comparison with the other banks. The highest ratio was found in the year 2020 which indicates the strong position of YES bank to pay off

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their Deposits. The lowest ratio was noticed in HDFC bank during the study period, which is an indication of very weak position of HDFC bank.

QUICK RATIO

The quick ratio is an indicator of a company's short-term liquidity, and measures a company's ability to meet its short-term obligations with its most liquid assets. Because we are only concerned with the most liquid assets.

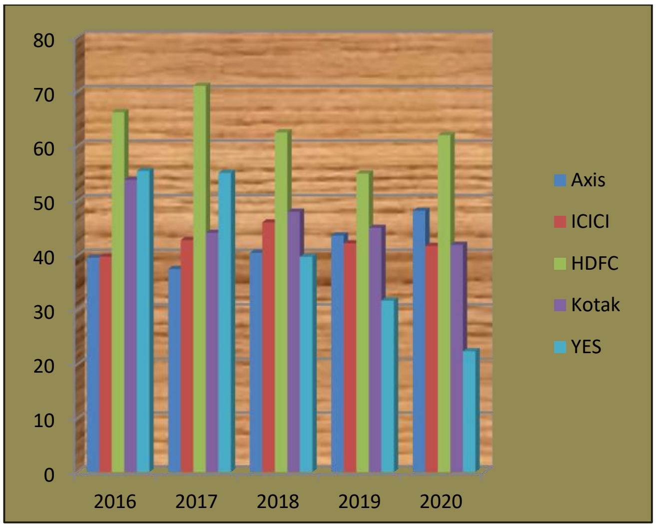
Table No. 5 Quick Ratio of Individual selected banks under the study

Bank Name	2016	2017	2018	2019	2020	AVE.	SD
Axis	40	38	40	44	48	42	4
ICICI	40	43	46	42	42	43	2
HDFC	66	71	63	55	62	63	5
Kotak	54	44	48	45	42	47	4
YES	55	55	40	32	22	41	13
AVE.	51	50	47	44	43	47	
SD	10	12	8	7	13		

It is apparent from the table that the average quick ratio was highest in HDFC bank being 63.365% followed by the Kotak Mahindra Bank 46.601%. In case of HDFC Bank, it can be analyzed that not only the quick ratio was highest of all selected private banks but also it remained far above the consolidated average of 47.053% during the study period. From the above statistics, it can be said that the absolute liquidity in private banks is too good and bank will not have to face any difficulty to pay current liability on demand and thus having a great cushion against their obligation. Whereas from the profitability point of view, it can be adversely remarked that both banks have maintain unnecessary higher cash than required which is totally non productive.

The average quick ratio in Yes Bank was 40.890%, followed by Axis Bank with 41.890% and ICICI Bank with 42.522%. In the above stated Private banks quick ratio remained bellowed the consolidated average ratio of 47.053%. This indicates that the above three mentioned private banks are not maintaining proper quick ratio, particularly, YES bank is not in a position to pay current liabilities as and when they due because of lack of cash. It can have risk to gain deposit from the depositors. But also from the profitability point of view, it is good sign that bank can manage its banking business at the lower level of cash assets.

Figure No. 5 Bar Chart of Individual selected banks under the study



The above bar chart indicates quick ratio of individual selected banks during the study period.

It is apparent from the bar chart that HDFC has performed well throughout the study period in comparison with the other banks. The highest ratio was found in the year 2017 which indicates the strong position of HDFC bank to pay off their current liabilities. The lowest ratio was noticed in YES bank during the study period which is an indication of very weak position of YES bank.

VII. FINDINGS

The collected data were analysed with reference to each of the specific objectives of the study. Conventional tools like descriptive tables, percentages and graphs were used. To examine the effective management of working capital, different ratios were also constructed.

The following is the summary of the findings.

- Average Cash Ratio is 7.470%. HDFC Bank has the highest cash ratio of 2018 is 18.869%. YES Bank has the lowest cash ratio of 2020 is 2.670%.
- Average Current Ratio is 108.99%. HDFC Bank has the highest ratio of 2016 is 167.04%. YES Bank has the lowest ratio of 2020 is 48.265%.
- Average Cash Deposit Ratio is 6.212%. AXIS Bank has the highest ratio of 2020 is 13.273%. YES Bank has the lowest ratio of 2020 is 3.673%.
- Average Credit Deposit Ratio is 93.579%. YES Bank has the highest ratio of 2020 is 162.715%. YES Bank has the lowest ratio of 2018 is 83.463%.
- Average Quick Ratio is 47.053%. YES Bank has the highest ratio of 2017 is 71.054%. YES Bank has the lowest ratio of 2020 is 22.394%.

VIII. CONCLUSION

It is very difficult for research to measure the financial performance of banks in such a dynamic environment where everything is changing at a rapid rate. A bank not

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only operates to a limited extent, but also faces a variety of international movements in the financial markets. Bank operations affected by a variety of factors such as central bank monetary policies, central and state government monetary policies, inflation rate, management attitude, worker efficiency, technology, etc. The bank operates in a changing and competitive environment. Despite the external environment, some important conclusions have been drawn.

- In cash ratio average ratio is 7.470%.In this situation, there is sufficient cash on hand to pay off short-term debt. This situation shows bank's good condition in cash. Bank is capable to pay off their liabilities & short term debt.
- In current ratio average ratio is 108.99%, current ratio is greater than 1 there are more current assets than current liabilities. In this situation there is sufficient assets to pay off current liabilities
- In cash deposit ratio, ratio between cash & deposit. Cash to Deposits measures the cash in hand at the bank in a particulars year in relation to the deposits of the customers. Average ratio is 6.212, that indicate cash is too low than the deposits.
- In credit deposit ratio, ratio between advances and deposits. It measures the efficiency of the management in converting the available deposit into advances. That it has no risk for bank to pay the deposits. We can also say that efficient management was easily convert the deposits into advances.
- The three parameters in Quick Quick Ratio are cash, investment and current liabilities. Total cash and investment is less than current liabilities. Cash and investment are about half of current liabilities. The average ratio is 47.053% The quick ratio is less than 1, meaning the bank relies more on inventory or other assets to pay off short-term obligations.

The attitude of the management towards working capital needs an urgent change. Normally they give importance to the liquidity aspect leaving behind the profitability of funds employed in the form of working capital, resulting in an over investment in various current assets. It is suggested to the Managements to consider both the facets of working capital as equally significant and realise that only proper balancing liquidity and profitability would ensure effective and efficient working capital management.

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