

A Project Report on
“CASH MANAGEMENT IN INDIA”

Submitted by

Rashtrasant Tukadoji Maharaj Nagpur University,
Nagpur

In partial fulfillment for the award of the degree of
Master of Business Administration

Submitted by

Manali Khandetod

Under the guidance of

Prof. Afsar Sheikh

Department of Management Sciences and Research,

G.S.College of Commerce & Economics,Nagpur

NAAC Re-Accredited “A” Grade Autonomous Institution



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G.S COLLEGE OF COMMERCE & ECONOMICS, NAGPUR

CERTIFICATE

This is to certify that “Manali Manohar Khandetod” has submitted the project report titled “Cash Management in SBI” towards partial fulfillment of Mater of Business Administration degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he /she has ingeniously his/her project as prescribed by G.S College of commerce & Economic, Nagpur (NAAAC Reaccredited “A” Grade Autonomous Institution) affiliated to Rashtrasant Tukadoji Maharaj Nagpur University Nagpur.

Prof. Afsar Shekh

(Project Guide)

Dr. Geeta Naidu

(Co-ordinator)

Place: Nagpur

Date: 15/07/2021

G.S COLLEGE OF COMMERCE & ECONOMICS, NAGPUR

DECLARATION

I here-by declare that the project with title “Cash Management in SBI” has been completed by me in partial fulfillment of MASTER OF BUSINESS ADMINISTRATION degree examination as prescribed by G.S. COLLEGE OF COMMERCE & ECONOMICS. NAGPUR (NAAC Reaccredited “A” Grade Autonomous Institution) affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Place: Nagpur

“Manali Khandetod”

Date: 15/07/2021

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Place: Nagpur

“Manali Khandetod”

Date: 15/07/2021

Synopsis

Introduction:

Cash management is a marketing term for certain services offered primarily to large business customers. It may be used to describe specific services such as cash concentration, zero balance accounting, and automated clearing house facilities. Sometimes, private bank customers are given cash management services.

Objective:

- To learn about various aspects of standard charged cash management.
- To analyze the history standard chartered bank.
- To gain insights about functioning of standard chartered cash management.
- To explore the future prospects of standard chartered cash management.

Research Methodology:

- Research originates with a question or problem.
- Research required a clear articulation of goal.
- Research follow a specific plan of produce
- Research usually divides the principle problem into more manageable such problem.
- Research guide by the specific research problem, question, or hypothesis

About the organisation:

An introduction to the banking sector in India. Bank are the most significant players in the Indian financial markets. They are the biggest purveyors of credits, and they also attract most of the saving form the population .dominated by public sector, the banking industry has so far acted as an efficient partner in the growth and development of the country.

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Introduction

Cash is the important current assets for the operation 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 operation, 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.

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-item such as marketable securities or bank time deposits are also included in cash. When a firm has excess cash, it invests in marketable

securities. This kind of investment contributes some profit to the firm.

- **Facts of Cash Management**

Cash management is concerned with the managing of :

cash flow into and out of the firm , cash within the firm and cash balance held by the firm at a point of time by financing deficit or investing surplus cash . sale generate cash which has to be disbursed out. The surplus cash has to be invested while deficit has to be borrowed. cash management seeks to accomplish this cycle at a minimum cost at the same time it also seeks achieve liquidity and control . cash management assume more importance than other current assets because cash is the most significant and the least productive asset that a firm holds. It is significant because it is used to pay the firm's obligation. Cash is unproductive. unlike fixed assets or inventories , it does not produce goods for sale therefore , the aim of cash management is to maintain adequate control over

cash position to keep the firm sufficiently liquid and to use excess cash in some profitable way .

cash management is important because it is difficult to predict cash flow accurately, particularly the inflow and there is no perfect coincidence between the inflow and outflow of cash during some periods , cash outflow will exceed cash inflows , because payment of taxes dividend or seasonal inventory build up. at other times cash inflow will be more than cash payment because there may be large cash sale and debtors may be realized in large sums promptly . cash management is significant because cash constitutes the smallest portion of the total current asset yet management considerable time is devoted in managing it . in recent past , a number of innovation have been done in cash management techniques . an obvious aim of the aim of the firm these day is to manage its cash affairs in such a way as to keep cash balance at a minimum level and to invest the surplus cash in profitable investment opportunities.

Optimum utilization of Operating Cash :-

Implementation of a sound cash management programme is based on rapid generation efficient utilization and effective conservation of its cash resource. cash flow is a circle . the quantum and seep of the flow can be regulated through prudent financial planning facilitating the running of business with the minimum cash balance .

- **Cash Forecasting :-**

Cash forecasting is Bank bone of cash planning. it forewarns a business regarding expected cash problems , which it may encounter , thus assisting it to regulate it to regulate further cash flow movement .lack of cash planning results in spasmodic cash flow .

- **Cash Management Techniques :-**

Every business is interested in accelerating its cash collections and decelerating cash payments so as to exploit

its scarce cash resource to the maximum. there are techniques in the cash management .

- **Liquidity Analysis:-**

The importance of liquidity in a business cannot be over emphasized . if one does the autopsies of the businesses that failed , he would find that the major reason for the failure was their inability to remain liquid .liquidity has an intimate relationship with efficient utilization of cash .

- **Profitable Development of Surplus Fund :-**

Due to non-synchronisation of cash inflows and cash outflows the surplus cash may arise at certain points of time. If this cash surplus is deployed judiciously cash management will itself become a profit centre .

- **Economical Borrowing :-**

Another product of non- synchronization of cash inflow and cash outflow is emergence of deficits at various

points of time . a business has to raise funds to the extent and for the period of deficits .

The ideal cash management system will depend on the firm's products, organization structure , competition culture and options available the task is complex , and decision taken can affect importance areas of the firm . for example, to improve collections if the credit period is reduced, it may affect sales. In certain cases, even without fundamental changes, it is possible to significantly reduce cost of cash management systems by choosing a right bank and controlling the coactions properly .

❖ Motives for Holding Cash

The firm's need to cash may be attributed to the following the motive :

- The transactions motive
- The precautionary motive
- The speculative motive

- **Transaction Motive :-**

The transaction motive requires a firm to hold cash to conduct its business in the ordinary course. The firm needs cash primarily to make payments for purchase, wages and salaries, other operating expenses, taxes, dividends etc. The need to hold cash would not arise if there were perfect synchronization between cash receipts and cash payments, enough cash is received when the payment has to be made. But cash receipts and payments are not perfectly synchronized. For those periods, when cash payments exceed cash receipts, the firm should maintain some cash balance to be able to make required payments for transaction purposes. A firm may invest its cash in marketable securities. Usually, the firm will purchase securities whose maturity corresponds with some anticipated payments, such as dividends or taxes in the future. Notice that the transaction motive mainly refers

to holding cash to meet anticipated payments whose timing is not perfectly matched with cash receipts .

- **Precautionary Motive :-**

The precautionary motive is the need to hold cash to meet contingencies in the future. It provide a cushion or buffer to withstand some unexpected emergency . the precautionary amount of cash depends upon the predictability of cash flow . if cash flow can be predicted with accuracy, less cash will be maintained for an emergency . the amount of precautionary cash is also influenced by the firm's to borrow at short notice when the need arises. Stronger the ability of the firm to borrow at short notice, less the need for precautionary balance. The precautionary balance may be kept in cash

and marketable securities . Marketable securities play an Important role here. the amount of cash set aside for precautionary reason is not expected to earn anything ; therefore, the firm attempt to earn some profit on it . such fund should be invested in high- liquid and low- risk marketable securities and relatively less in cash.

- **Speculative Motive :-**

The speculative motive relates to the holding of cash for investing in profit-making opportunities as and when they arise. The opportunities to make profit may arise when the securities price change. The firm will hold cash , when it is expected that the interest rates will rise and security prices will fall . securities can be purchased when the interest rate is expected to fall the firm will benefits by the subsequent fall in interest rates and increase in security price . the firm also speculate on materials' price

. if it is expected that materials' prices will fall , the can postpone materials' purchasing and make purchase in future when price actually fall. Some firm hold cash for speculative purpose.

Cash Management services generally offered

- **Account Reconcilement Services:**

Balancing a checkbook can be a difficult process for a very large business, since it issue so many check it can take a lot of human monitoring to understand which checks have not cleared and therefore what the company's true balance it. Bank have develop systems which allows companies to upload a list of all the check that they issue on a daily basis, 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 , bank have used this system to prevent check

from being fraudulently cashed if they are not on the list a process known as positive pay.

- **Advanced web services :**

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 login credentials, allowing employees to send wire and access other cash management features normally not found on the consumer web site.

- **Armored car service :**

Large retailers who collect a great deal of cash may have the bank pick this cash up via an armored car company, instead of asking its employee to deposit the cash.

- **Automated Clearing house :**

Services are usually offered by the cash management division of a bank. The automated clearing house is an electronic

system. Companies use this to pay others, especially employees (this is how direct deposit work).

- **Balance Reporting services :**

Corporate clients who actively manage their cash balance usually subscribe to secure web based reporting of their account and transaction information at their lead bank. These sophisticated compilation of banking activity may include balances in foreign currencies, as well as those at other banks.

- **Lockbox Services:**

Often companies (such as utilities) which receive a large number of payments via checks in the mail have the bank set up a post office box for them open their mail, and deposit and check found. This is referred to as a “lockbox” Services.

- **Positive Pay :**

Positive pay is services whereby the company electronically shares its check resister of all written check with the bank

therefore will only paychecks listed in that register, with exactly the same specification as listed in the register (amount, payee, serial number etc.)

- **Zero Balance Accounting:**

Zero balance accounting can be thought of as somewhat of a hack. Companies with large numbers of stores or locations can very often be confused if all those store are depositing into a single bank account. It would be impossible to know which deposits where from which store without seeking to view images of those deposits.

Cash Management

cash management is a board team that refers to the collection, concentration, and disbursement of cash. It encompasses a company's level of quality , its management of cash balance, and its short-term investment strategies . in some ways, managing cash flow is the most important

job of business managers. For some time now, technology has been the key driving force behind every successful bank .in such an environment, the ability to recognize and capture market share depends entirely on the bank's competence to evolve technically and offer the customer a seamless process flow. The objective costs and establish efficient management systems to assist and accelerate growth .

❖ Cash Management in India

The Reserve Bank of India (RBI) has placed an emphasis on upgrading, technological infrastructure.

Electronic banking, cheques imaging , enterprise resource planning (ERP), real time gross settlement (RTGS) is just few of the new initiatives.

The evolution of payments systems such as RTGS has posed some tough challenges for cash management providers. It is importance that banks now look towards

a shift to fees from float although all those cash management providers who have factored in float money in their product pricing might take a hit. But of course there are opportunities also attached like collection and disbursement of payments on-line across the bank.

There are a number of regulatory and policy changes that have facilitated an efficient cash management system (CMS).

❖ Cash Planning

Cash flows are inseparable parts of the business operations of firms. A firm needs cash to invest in inventory, receivables and fixed assets and to make payments of operating expenses in order to maintain growth in sales and earnings. It is possible that a firm may be taking adequate profits, but may suffer from the shortage of cash as its growing needs may be consuming cash very fast. The 'cash poor' position of the

firm can be corrected if its cash needs are planned in advance. At times, a firm can have excess cash with it if its cash inflows exceed cash outflow . such excess cash may retain idle. Again, such excess cash be anticipated and properly invested if cash planning is resorted to.

Cash planning is a technique to plan and control the use of cash . it helps to anticipate the future cash flows and needs of the firm and reduce and possibility of idle cash balance (which lowers firms profitability) and cash deficits (which can cause the firms failure).

Cash planning protects the financial condition of the by developing a projected cash statement from a forecast of expected cash inflows and outflows for a given periods. the forecasts may be based on the present operations or the anticipated future operations. Cash plans are very crucial in developing the operating plans of the firm.

Cash planning can be done on daily, weekly or monthly basis. The period and frequency of cash planning generally depend upon the size of the firm and philosophy of management. Large firms prepare daily and weekly forecasts. medium-size firm usually prepare formal cash forecasts because of the non-availability of information and small scale operation but, if the small firm prepare cash projections, it is done on monthly basis. As a monthly basis. As a firm grows and business operations become complex, cash planning becomes inevitable for its continuing success.

❖ Cash Management in State Bank of India

Cash management as part of state bank's global transactions solutions to corporate and institution, state bank provides cash management, securities services and trade services through their strong market networks in Asia. They are committed to providing you with

- Integrated, superior cross – border and local services
- Efficient transaction processing
- Reliable financial information
- Innovative products
- World- class clearing services thus ensuring a full suite of transactional products for your needs.

❖ **Cash Management Services for corporate**

State Bank of India provides cash management services to corporate clients under the brand name SBI FAST (Fund Available in shortest time). SBI FAST ensures optimization of collections and payouts while ensuring predictability in the cash flow. It ensure getting funds in time, quick transfer, account reconciliation, easy disbursements, controlled processes and customized MIS,SBI FAST eliminates the inherent delay of the traditional funds transfer mechanism liquidity to ensure

optimum planning and utilization of fund. It also offers file upload facility on our web based portal and are in the process of providing complete host to host facility.

❖ **SBI FAST Cash Management Services Offerings**

⋮

I. Collections :

a. Local collections (cheques/drafts etc)

Collection of instruments tendered at various CMP collection centers. Developing on cleaning practices prevailing at the various centers (i.e. Day 0,Day2,Day3) credit is afforded , as mandates, to the clients main account at the pooling center the same day as the proceeds are cleared .

Convenient collecting locations across the country with pooling facility as per client's choise. which are physically connected to our central hub at Mumbai.

Instruments can be deposited at the collection centers either by this by their dealer/distribution/representatives or through couriers as per the arrangement.

Client is not required to open any account at the centre form which this facility is availed.

b. Outstation cheques Collection:

Outstation cheques can also be deposited at our CMP cell branches and we afford guaranteed credit facility with credit available on DAY 0 to DAY 7.

Outstation cheques drawn on our own branches are paid the same day at very concessional charges.

c. Cash Collection :

We also offer the facility of cash deposit at our CMP cell branches on CMP software which facilities automatic pooling of funds with MIS.

We are arranging for cash pick up at select centres shortly

d. Uncleared funds:

Option of credit uncleared instruments presented in general /MICR or high value clearing offered selectively at banks discretion.

A nominal limit is required to be set up to take care of returns

e. Balance Sweep :

Transfer of day-end-balance in collection accounts maintained at various CMP centers across the country to the pooling account.

Clients can use the account for crediting local and outstation collections as well as for meeting payments and the residual balance at the end of the day swept to the main account.

f. Debit Transfers:

Debit balance in operating accounts, where draws are permitted up to a pre-fixed daylight limit, maintained at CMP centers transferred to the main account at the end of the day.

The facility dispenses the use of allocated limit and there by ensures better control, for the client over debits.

g. Customized MIS :

Daily presentation/credit/return reports provided to the representative/dealer at the local center.

Daily location-wise/product-wise presentation/credit/return reports provided to the corporate office through E-mail .

Daily credit forecast reports through E-mail.

h. Electronic collections :

Direct debit

For collection of invoice payment form dealers, SIP/premium etc.

Payment can be pulled from any account at any of our CBC (12500)

Mandate of account holders required , which is validated by us.

RTGS/NEFT Receipts

Dealer quotes are set up by the corporate.

Fund received through RTGS/NEFT modes are credited to the corporate pooling account.

MIS is generated giving dealer name, invoice no and amount received.

Payment Services in State Bank of India:

Global payments solution for efficient transaction processing looking to outsource customer's payments to enable:

- Efficient processing of all customers payables in the most cost effective way.
- Straight through processing both at customer's end as well as their bank's bank-end
- Efficient payables reconciliation with minimum effort and delay ‘
- Quick approval of payment from any location

About The Organisation

The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the bank of Calcutta, on 2 June 1806. The bank was redesigned as the bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock of the British India. Established under the sponsorship of the Government of Bengal. Subsequently the bank of Bombay (established on 15 April 1840) and bank of Madras (established on 1 July 1843) followed the bank of Bengal. These three banks received the exclusive right to issue paper currency in 1861 with the paper currency Act, a right they retained until the formation of the Reserve Bank of India. The presidency banks amalgamated on 27 January 1921, and the

re-organized banking entity took as its name imperial bank of India remained a joint stock company.

An important turning point in the history of State Bank of India is the launch of the first five year plan of independent India, in 1951. The all India rural credit Survey committee proposed the takeover of the Imperial bank of India, and integrating with it, the former state-owned or state-associate banks, subsequently, an act was passed in the parliament of India in May 1955. As a result, the state Bank of India (SBI) was establishment on 1 July 1955. This resulted in making the state Bank of India more powerful, because as much as a quarter of the resources of the Indian banking system were controlled directly by the state. Later on, the State Bank of India (subsidiary Bank) act was passed in 1959. the Act enabled the State bank of India to make the eight former State-associated banks as its subsidiaries.

The State Bank Group, with over 20,193 branches as on March 31, 2012 has the largest banking branch network in India. The State Bank of India is the 10th most reputed company in the world according to Forbes. The bank has 173 overseas offices spread over 34 countries. They have branches of the parent in Colombo, Dhaka, Frankfurt, Hong Kong, Johannesburg, London and environs, Los Angeles, male in the Maldives. Muscat, new York, Osaka, Sydney, and Tokyo. They have offshore banking units in the Bahamas, Bahrain, and Singapore, and representative offices in Bhutan and Cape Town.

It has also 7 subsidiaries in India –SBI Capital Markets, SBICAP Securities, SBIDFHI, SBI factors, SBI life and SBI cards-forming a formidable group in India Banking scenario. It is in the process of raising capital for its growth and also consolidating its various holdings.

In July 1, 2010 the bank launched their 'Green channel Counter' at select branches across the country. In General Insurance business, the bank launched limited operation in April 2010 for the corporate and mind corporate customers based at Mumbai, and it was expanded to six other major locations in July 2010. In the retail segment, the bank launched their long term home insurance business at Mumbai in October 2010, which was gradually extended to cover 56 RASMECCs. General Insurance SME business was launched on a pilot basis in Mumbai and Chennai in February 2011, during the first quarter of the financial year 2011-12 the government of India Issued the 'Acquisition of State bank of India commercial & international Bank Ltd. Vide notification dated July 29, 2011 consequent to the said notification, the undertaking of State Bank of India commercial & International stands transferred to and vest in State Bank of India with effect from July 29,2011.

SBI Group

The bank of Bengal which later became the state Bank of India, State bank of India with its seven association banks commands the largest banking resources in India.

Nationalization

The next significant milestone in India Banking happened in late 1960s when the then Indira Gandhi government nationalized on 19th July 1949, 14 major commercial Indian banks followed by nationalization of 6 more commercial Indian banks in 1980

The stated reason for the nationalization was more control of credit delivery. After this, until 1990s, the nationalization bank grew at a leisurely pace of around 4% also called as the Hindu growth of the Indian economy.

After the amalgamation of new bank of India with Punjab National Bank, currently there are 19 nationalized banks in India.

Liberalization

In the early 1990's then Narasimha Rao Government embarked a policy of liberalization and gave licenses to a small number of private bank, which came to be known as new generation tech-savvy banks, which Include bank like ICICI and HDFC .this move along with the rapid growth of the economy of India, kick started the banking sector in India, which has seen rapid growth with strong contribution from all the sectors of banks, namely government bank, private banks and foreign banks.

Mission Statement:

To retain the bank's position as premiere Indian financial service group, with world class standards and significant global committed in customer, shareholder and employee satisfaction and to play a leading role in expanding and diversifying financial service sectors while containing emphasis on its development banking rule.

Vision Statement:

- Premier Indian financial service group with prospective world-class Standards efficiency and professionalism and institution values
- Retain its position in the country as pioneers in development banking.
- Maximize the shareholders value through high-sustained earning per share.
- An institution with cultural mutual care and commitment, satisfying and
- Good work environment and continues learning opportunities.

Values

- Excellence in customer services
- Profit orientation
- Belonging commitment to Bank
- Fairness in all dealing and relations

- Risk taking and innovative
- Team Playing
- Learning and renewal
- Integrity
- Transparency and discipline in policies and systems.

Competitors

Top performing public Sector bank

Andhra Bank

Allahabad Bank

Punjab National Bank

Dena Bank

Vijaya Bank

Top Performing private sectors Bank

HDFC Bank

ICICI Bank

AXIS Bank

Kotak Mahindra Bank

Top Performing Foreign Bank

Citibank

Standard Chartered

HSBC Bank

ABN AMRO Bank

American Express

Research Methodology

Research is a logical and systematic search for new and useful information on a particular topic. It is an investigation of finding solution to scientific and social problems through objective and systematic analysis. It's a search knowledge, that is, a discovery of hidden truth. Here knowledge means information about matters. The information might be collected from different source like experience, human beings, book, journals, nature, etc. a research can lead to new contribution to the existing knowledge. Only through research it is possible to make progress in a field. Research is done with help of study, experiment, observation, analysis, comparison and reasoning.

Type of Data Collected

There are two type data used. They are primary and secondary data. Primary data is defined as data that is

collected from original source for a specific purpose.

Secondary data is data collected from indirect source.

Primary source

These include the survey or questionnaire method, as well as the personal interview method of data collection.

Secondary source

These include books, the internet, company brochures, company website, competitors website etc.

Relevance of study

Cash management is the process of collecting and managing cash flow. Cash management can be important for both individuals and companies. Cash is also essential for financial stability while also considered as part of total wealth. Individual and business have a wide range of offering

available across marketplace. Banks are typically a primary financial service provider for the custody of cash assets.

- Current Assets: cash, accounts receivable within one year inventory.
- Current Liability: all account payable due within one year, short-term debt payments due within one year.

Need of Study

Many business owners disregard the importance of cash management because they unwittingly believe their current financial standing can be construed from other financial reports and projections. Unfortunately, however a cash flow is necessary to adequately assess the incoming and outgoing flow of cash and other resources in a business.

Not only will a business owner with a cash flow system become more aware of his or her financial standing, but it will also help investors to make educated decisions on future in-

vestments. A business with regular and reliable cash flow statement show more economic solvency, and is more attractive to investors.

Objective of Study

Objective of a project tell us why project has been taken under study. It help us to know more about the topic that is being undertaken us to explore future prospects of that organisation. Basically it tells what all have been studied while making the project.

1. To understand how cash is being managed by SBI
2. To gain knowledge about the system prevailing in bank.

3. To suggest method for improving cash, management in bank.
4. To analyze in detail, the way banks currently manage their finance and make decision to achieve tradeoff between profitability and liquidity.

Scope of study

It will not be possible to conduct a micro level of all banking to know cash flow from one to one, as the time available is very limited and the subjects are very vast, the study is continued to overall financial condition of a firm. This study working capital increase or decrease funds from operation, source and application of fund from banks.

Financial analysis consists of fund analysis. To know cash flow from one to one, As the time available is very limited

and study is continued to overall financial condition of a firm
The study to know working capital increase or decrease, cash
from operation, source and application of funds.

Hypothesis

The free cash flow hypothesis advanced by Jensen (1988) state that managers endowed with cash flow will invest it in negative net present value project rather than pay it out to shareholder. Jensen defines free cash flow as cash flow left after the firm has invested in all available positive NPV. This hypothesis on a sample of large investment made by firm, namely decision to acquire control of other firms through offers.

Research Design

Research is a systematic process of collecting and analyzing information (data) in order to increase our understanding of the phenomenon about which we are concerned or interested.

A research design is the framework or plan for study which is used as a guide in collecting and analyzing the data collected.

It is blue print that is followed in completing the study. The basis objective of research cannot be attained without a proper research design. It specifies the method and procedures for acquiring the information needed to conduct the research effectively. It is overall operational pattern of the project that stipulates what information need to be collected, from which sources and by what method.

Limitation of study

The allotted time period for the study was relatively insufficient, keeping in mind the small duration it can take it time, to close a particular corporate deal.

The study might not produce absolutely accurate result as it was based on a sample taken from the population.

A few of the manager refrained from giving the required information as he consider me to be form their confidential domain.

Theoretical Review

Cash is any medium of exchange, which is immediately negotiable. It must be free of restriction for any business purpose. Cash has to meet the prime requirements of general acceptability and availability for instant use in purchasing and payment 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 balance. It is channeling available cash into expenditure that enhance productivity, directly or indirectly.

Cash is ready money in the bank or in the business it is not inventory, it is not account receivable and it is not property.

These might be converted to cash at some point in time, but it take on hand or in the bank to pay suppliers, to pay the rent, and to meet the payroll. Profit growth does not necessarily mean more cash.

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 because it is the most important yet least productive asset that a small owns. A business must have enough cash to meet its obligation or it will be declared bankrupt. creditors, employee and lenders expect to be plan to be paid on time and cash is the required medium of exchange.

Retain an excessive amount of cash 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 cash management permits the owner to adequately meet cash demands of the business and stretch the profit generating power.

Literature Review

Cash management as a term which refers to the collection concentration and disbursement of cash It encompasses a company's level of liquidity management of cash balance and short term strategies. Weak cash flow make it difficult to hire and retain good employees (Beranek, 2000, Ross (2000) says that, it is only natural that major business expenses are incurred in the production of goods or the provision of services. In most cases, a business expenses are incurs such expenses before the corresponding payment is received from customers. In addition, employee salaries and other expenses drain considerable funds from business. These make effective cash management an essential part of the business financial planning. Vanhorne (2001) says that a common cash management tool founds in companies is a cash budget. Most companies prepare budgets on the departmental level and roll these individual budgets into one master budget. Creating several smaller budget, can help managers determine which

operations use more cash and struggle to stay on the projected budget amount. This discovery gives managers an idea of when improvement needed to correct the company's cash flow problem. Therefore, cash budgeting is another aid to an effective cash management. Pindado (2004) also defines cash management as part of working capital that make up the optimal level needed by a company. Bort (2004) noted that, cash management is of importance for both new and growing businesses. Companies may suffer from cash flow problem because of lack of margin of safety in case of anticipated expenses such that they experience problems in finding the funds for innovation or expenses. According to Bort (2004) cash is lifeblood of the business. The key to successful management lies in tabulating realistic projections, monitoring collections and disbursements, establishing effective billing and collection measures, and adhering to budgetary parameters because cash flow can be a problem to the business organization. According to Moffer (2004),

postponing capital expenditure is one method that can ease cash shortage hence, suggests efficient cash management. Kirkman (2006), states that some capital expenditure are more importance and urgent than others hence, it might be imprudent to postpone expenditure on fixed assets which are needed for the development and growth of business. On the other hand, some expenses are routine and might be postponable without serious consequences. When a lot of cash is used to pay for fixed assets, the company may come up against a cash crunch that prevents it from paying suppliers, buying materials and even paying salaries. It's good idea, to maintain a level of working capital that allows making through those crunch time and continuing to operate the business.

Data Analysis & Interpretation

Cash Management Services

The menu of cash management services offered by bank is indeed diverse and tempting. The services broadly fall under collection services, disbursement services, information and control services, services related to electronic data interchange commercial web banking service, sweep services, fraud detection solutions, global trade solutions and investment solutions. Collection services accelerate receipt of payment from sale and quickly turn them into usable cash in accounts. Disbursement services make efficient payments by reducing or eliminating idle balance in company's accounts. Information and control services receive the data and provide the management capability needed to monitor company's cash picture. Control costs, reconcile and audit bank account,

and reduce exposure to fraud. Financial electronic data interchange is a computerized exchange of payments between a company's business and its customers and vendor. Commercial web banking services give a wide range of services from any internet connection, which can help streamline banking process quickly and efficiently. sweep services maintain liquidity and increase earnings without having to actively monitor accounts and move money in and out of them. Information reporting solutions assist companies, which need to receive account data that is timely, precise and easy to access and interested in initiating online transactions. Investment solutions help to minimize excess balances and maximize return on available funds.

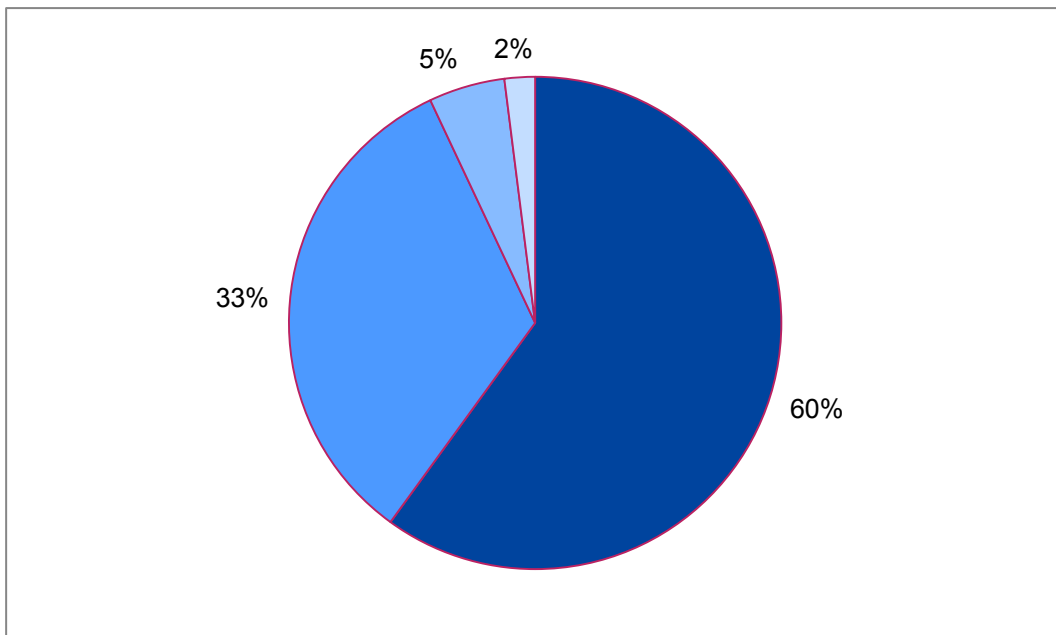
We analysis the cash management services provide by state Bank of India. By asking different questions to many people and depicted their answers graphically.

Q.1 which bank you depend for your regular transaction?

SBI	60%(60)
ICICI	33%(33)
HDFC	5%(5)
OTHER Banks	2%(2)
Total No. of People	100

Diagrammatic Presentation of above data

Responses of people in % age



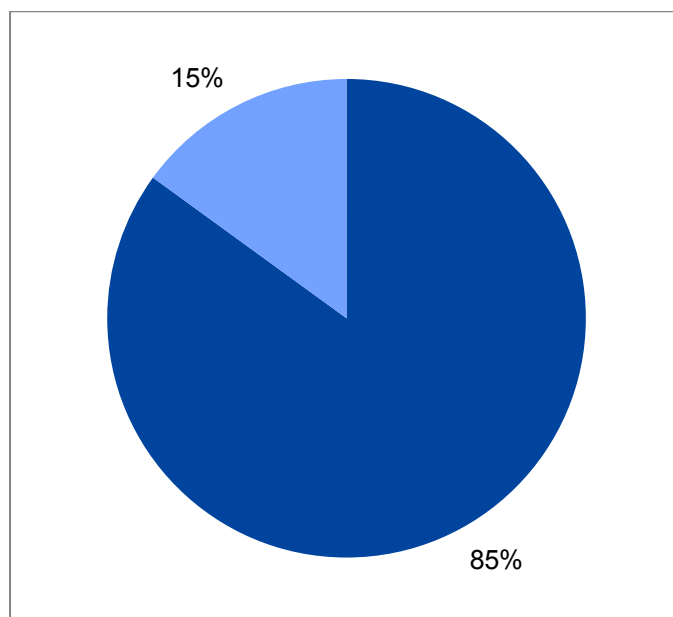
Analysis of the diagram

It has been observed that approximately 60% correspondents are using the services of SBI for their daily transaction, around 33% of people are using ICICI Bank for their transaction and only 5% & 2% of people are using HDFC & other Bank service.

Q.2 Are you aware of product & services provide by SBI?

YES	85%(85)
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NO	15%(15)
Total No. of People	100



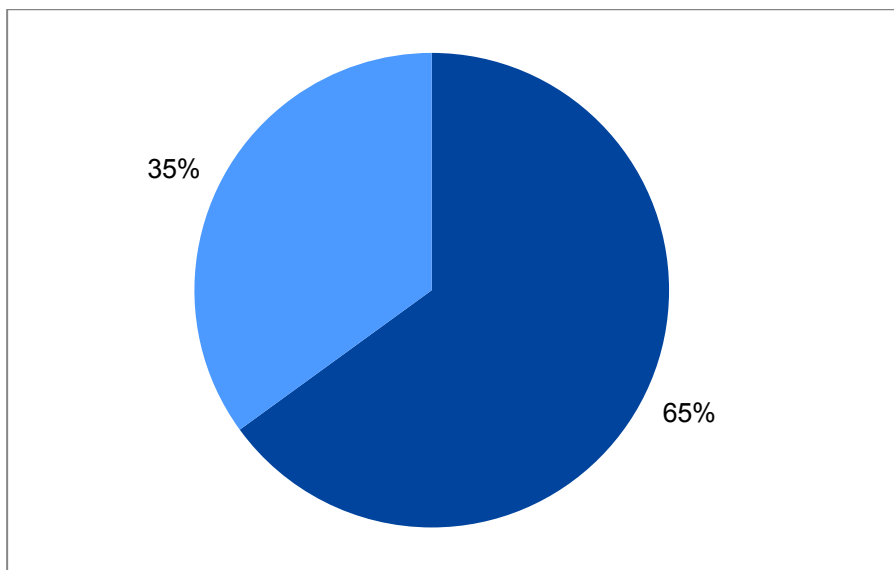
Analysis of the above diagram

Form the above data it is clear that most of the customers (around 85%) idea about the product & service of SBI, the idea about the product they are using.

Q. 3 Are you aware of SBI's straight to bank services?

Yes	65% (65)
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No	35%(35)
Total No. of People	100



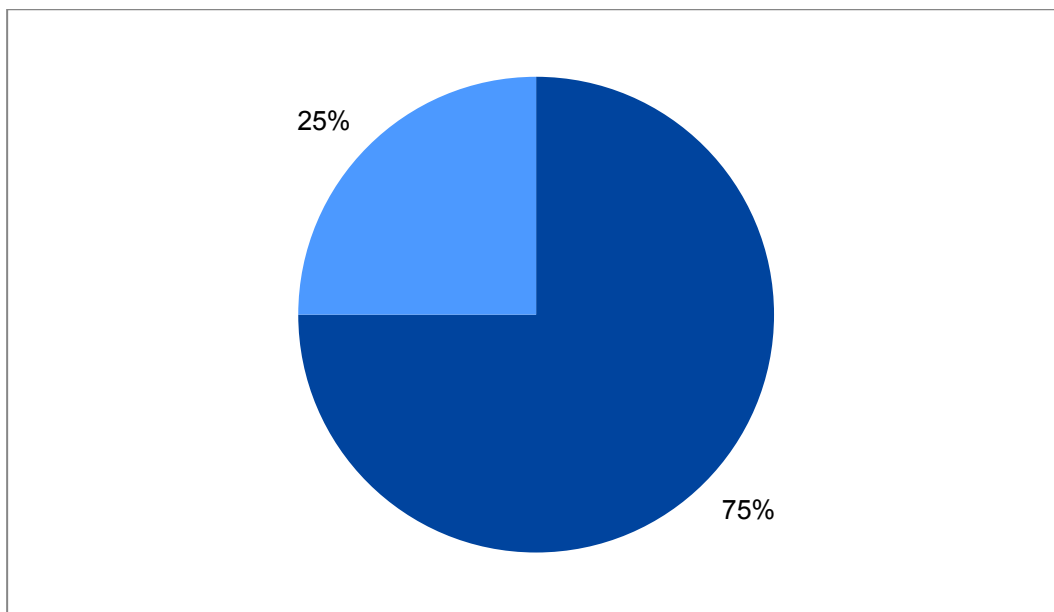
Analysis of the above diagram

It's very good as most of the companies are aware of the cash management services provide by the bank. The bank can look into companies as to propose its service to the concerned company personal.

Q. 4 Are you satisfied with your company services?

Yes	75%(75)
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No	25%(25)
Total No. of People	100

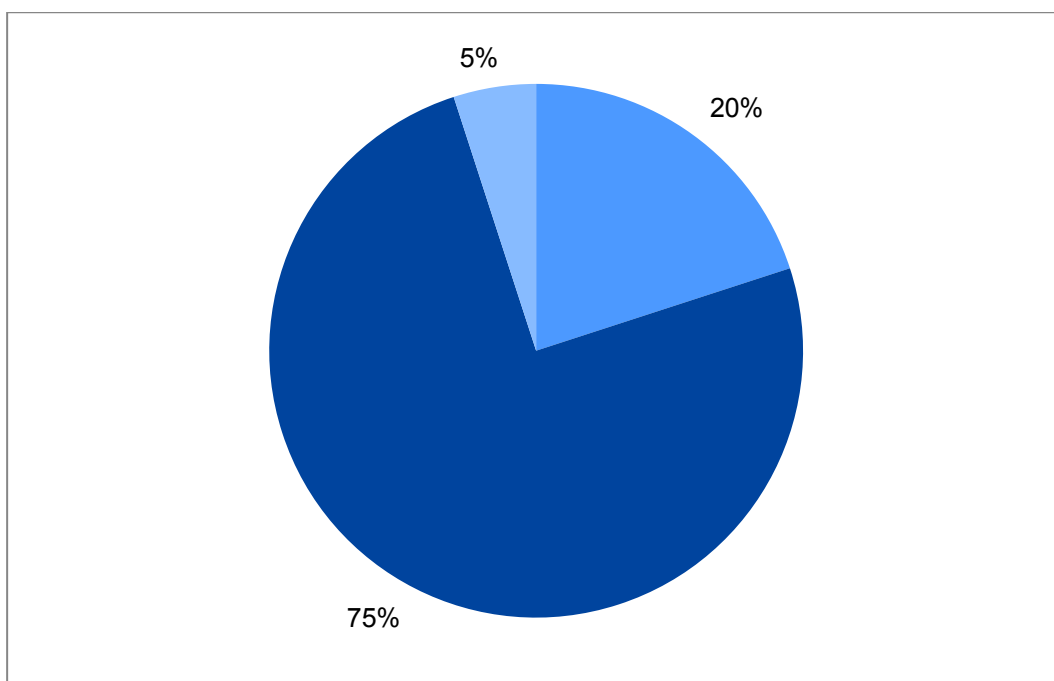


Analysis of the above diagram

From the above analysis it can be interpreted that most of the companies were satisfied by their CMS provider but still they found few areas of improvement, SBI can give solutions for those area.

Q.5 what are your main modes making payments?

Cash	20%(20)
Cheques	75%(75)
Demand Drafts	5%(5)
Total no. of people	100



Analysis of the above diagram

Like premium most of the companies distribute their payments through cheques only DD cash are made out under special circumstances.

SWOT analysis of SBI

Strengths

- SBI is the largest bank in India in term of market share, revenue and assets.
- As per recent data the bank has more than 13000 outlets and 25000 ATM centers.
- The bank has its presence in 34 countries engaging currency trade all over the world.
- The bank has a merged with State bank of saurashtra, State bank of Indore and the bank is planning to go further acquisition in the in the FY 2012
- SBI has the first mover advantage in commercial banking service.
- SBI has recently changed its vision and mission statements showing a sign of inclination towards new age banking services.

Weakness

- Lack of proper technology driven services when compared to private banks.
- Employees show reluctance to solve issues quickly due to higher job security and customers' waiting period is long when compared to private banks.
- The banks spends a huge amount on its rented buildings
- SBI has the large number of employee in banking sector, hence the bank spends a considerable amount of its income in employee's salary compensation
- In spite of modernization, the bank still carries the perception of traditional bank to new age customers
- SBI fails to attract salary accounts of corporate and many government sector employees salary accounts are also shifted to private bank for ease of operations unlike before

Opportunities

- SBI's merger with five more banks namely State Bank of Hyderabad, State Bank of Jaipur, State Bank of Mysore are in approval stage
- Mergers will result in expansion of market share to defend its number one position
- SBI is planning to expand and invest in international operations due to good inflow of money from Asian market
- Since the bank is yet to modernize few of its banking operations, there is a better scope of using advanced technologies and software to improve customer relations
- Young and talented pool of graduates and B schools are in rise to open new horizon to so called "old government bank"

Threats

- New profit of the year has decline from 9166.05 in the year FY 2010 to 7'370.35 in the year FY 2011
- This shows the reduce in market share to its close competitors ICICI
- Other private bank like HDFC, AXIS bank etc.
- FDIs allowed in banking sectors is increased to 49%, this is a major threat to SBI as people tend to switch to foreign banks for better facilities and technologies in banking service.
- Other government banks like PNB, Andhra, Allahabad bank and Indian bank are showing
- Customer prefer to switch to private banks and financial service providers for loans and mortgages, as SBI involves stringent verification procedures and take long time for processing.

Conclusion & Suggestion

The study allowed us get answers regarding the service awareness among people and the problem if faces. The key findings and analysis of the survey showed the following.

- A large number of clients and customers call the branch frequently to handle banking Issues, this shows the keenness of the customers to call the branch for almost every small issue. The services straight 2 bank does provide by straight 2 bank does offer the main requirement of the customers for which they visit or call the branch
- All the respondents wanted to carry out the banking needs at their convenience. This means the service caters the banking needs that customers generally require and its main benefit of banking while sitting at offer is desired by one and all, thereby providing that the service does have the potential usage.

- Few of the respondents were aware about the service which was desired by 100% respondents clearly showing that there has been a falter in its promotion and awareness strategies.
- Customers were not aware that the service was a free one, this is clear that almost all the attributes of the services are favorable to the customers still customers are not using the service and are not even aware of it.
- Almost all customers once educated about the service readily enrolled for it whereas a charges that they are not putting forward.

Many client who enrolled for the staright2bank service would have problems using it as the drop boxes are not strategically placed many areas do not even have drop box facility State bank must look into the policies of installing the drop box. They should assign it to the regional office or allow branches to put up boxes where the branch thinks it would be optimally utilized no matter which area of the city as of now that

branches are allowed to put up boxes in a radius which falls in close by areas to the branch. A customer who lives close by to the branch would not use this service whereas customers who are far of require the services. The branch cannot provide them with the facility as they cannot install the boxes in that area it is duty of the local branch of that area to put up boxes which is not happening they hardly know where customers of the other branch are located.

Suggestions

We suggest following measures, which State Bank could take so as to take on heavy competition from HSBC Bank.

- Try to reduce cost, so that benefits can be passed on to customers. Senior management at SBI keep on telling that it is difficult to reduce cost, because of services we provide. But the fact is, India being a price sensitive market. People at times go for monetary benefits rather than for long-term non-monetary benefit. if charges can't be reduced because of costs involved, make the services customized, so that services are provided to only those customers who are willing to pay the price for services they are getting and let the customers enjoy costs benefits without getting services.

- SBI should provide competitive prices as nowadays a lots business is being acquired by AXIA bank and HSBC bank and SBI is facing a lot competition from these banks
- SBI should contact with their clients regularly for knowing the problems faced by them. This will help SBI in providing best services to customers. This will result in additional customer base by getting further references from satisfied clients.
- SBI should focus on getting the business other business client other than its existing customers as it would help them to increase their businesses opportunities.

References

<http://en.wikipedia.org/wiki/cash-management>

<https://www.sbi.co.in/>

Annexure

Questionnaire

Q.1. On which bank you depend for your regular transaction?

Q. 2. Are you aware of products & service provided by SBI?

Q.3. Are you aware of SBI's straight to bank service?

Q.4. Are you satisfied with your company services?

Q.5.What are your main modes of premium collection?

Q.6.What are your main model making payments?