



# COMPARATIVE STUDY OF WORKING CAPITAL MANAGEMENT WITH SPECIAL REFERENCE TO HDFC BANK AND ICICI BANK

Shilpa Kothari<sup>1</sup>, Dr. N K Shrivastava<sup>2</sup>

<sup>1</sup>Research Scholar Faculty of Commerce, RKDF University Bhopal

<sup>2</sup>Professor & Dean Faculty of Commerce, RKDF University Bhopal

## ABSTRACT

*The Purpose of the study is to explore the relationship between Working Capital Management with special reference to HDFC Bank and ICICI Bank, however, comparative analysis between working capital of both banks has conducted. The study was based on secondary data which has taken from the published financial report of both banks. Total five years of data (2020-2024) were analyzed by using the correlation analysis at 5% level of significance. The findings of the study clearly indicates that current liabilities and current assets of both companies has not found significantly positive and related to each other, however, relationship between working capital of both companies has found positive and significant*

## INTRODUCTION

Working capital management is one of the most important part of financial activities of any organization, however, it play a significant role towards financial management. On the other hand management of working capital related with day to day management of organizational financial activities. Working capital also considered as the life blood of the economic entity of the organization. Thus, working capital management treated as most important part of finance in order to increase the efficiency of the organization. Working capital also fulfilling the short-term financial requirement of the organization by maintaining the proper balance sheet such as accounts receivables, accounts payables and inventory. This study compares the working capital management of two leading private banks in India, HDFC and ICICI Bank. Both banks are ranked among the top five private banks in the country. The research examines their current assets

and liabilities to assess their working capital efficiency. Working capital is calculated to analyze their short-term financial management.

## The Working Capital

A well-structured working capital management system supports logical decision-making and enhances efficiency. It should be adaptable to various working capital practices and continuously improvable. To achieve this, a system based on performance management theory is proposed. This system consists of five key elements: management goal, business environment, management policy, management mode, and performance assessment. These elements ensure a comprehensive and effective approach to managing working capital. Implementing such a system enhances financial stability and operational efficiency. Working capital is calculate as

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

## REVIEW OF LITERATURE

**Verma (2015)**, conducted a research study to explore the working capital management of Tata Iron and Steel Company, Indian Iron and Steel Company, and Steel Authority of India Limited, covering the period from 1978-1979 to 1985-1986. The study aimed to measure the working capital of these companies. Analysis of the data revealed that all three companies used bank borrowing to finance their working capital needs. However, Tata Steel was found to have a significantly better working capital management compared to the others. This conclusion was drawn using appropriate analytical tools and data. The study highlighted the strengths of Tata Steel in managing its financial resources during that period.

**Vijay Kumar et al.,(2016)**, A research study was conducted on the working capital management of Tamil Nadu Sugar Corporation, examining financial data from 1985-1986 to 1993-1994. The study was based on secondary data gathered from the company's balance sheets and other financial documents. It focused on comparing the company's current assets and liabilities to calculate its working capital. The findings revealed that Tamil Nadu Sugar Corporation maintained a moderate level of working capital throughout the period. Additionally, the study concluded that the company was using its long-term funds to meet short-term and excess liabilities. This indicated a potential risk in the company's liquidity management.

**Bansal (2017)**, A research study was conducted on the working capital management of Himachal Pradesh Agro Industries, using secondary data collected from the company's balance sheets and



other financial resources. The study covered the period from 1985-1986 to 1994-1995. After tabulating the data, statistical tools were used for analysis. The findings indicated that the company was not managing its working capital effectively. Key financial areas such as cash, inventory, receivables, and production capacity were not being properly managed. This inefficiency in working capital management pointed to potential issues in liquidity and operational performance.

**Reheman Abdul et.al.,(2018)**, A research study was conducted on working capital management and its impact on liquidity and profitability, focusing on 94 firms listed on the Karachi Stock Exchange. Financial data for the study was collected from 1999 to 2004. To analyze the impact of working capital, Pearson correlation and regression analysis were used. The results indicated that working capital management had both negative and positive effects on the selected firms. This highlighted the complex relationship between working capital, liquidity, and profitability. The study emphasized the importance of efficient working capital management for firm performance.

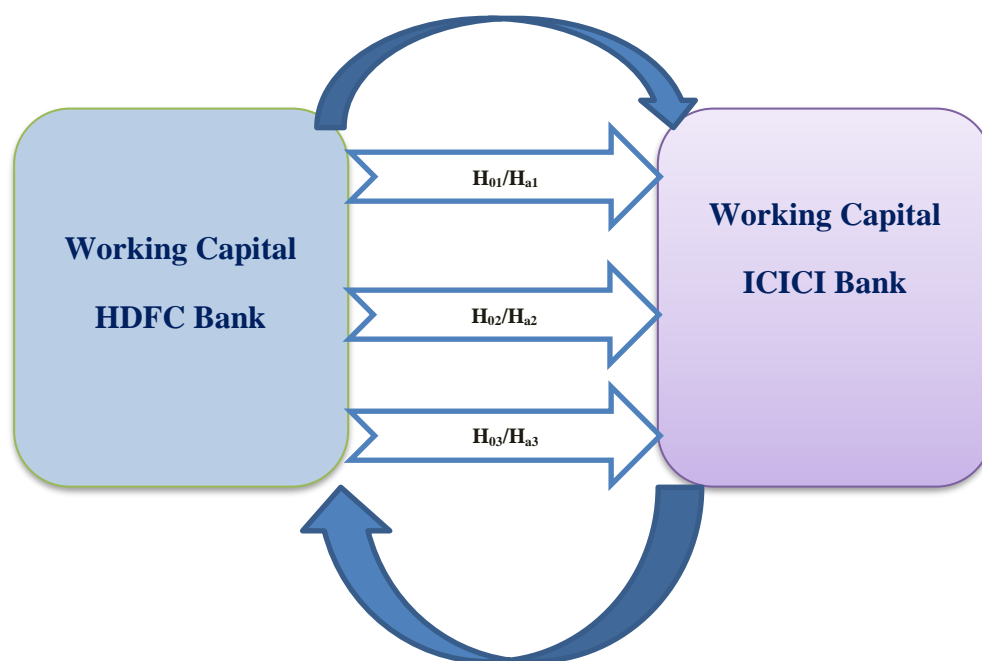
**Paul (2018)**, A research study was conducted to analyze the working capital management of Motor Industry Company Limited, using secondary data from 2001 to 2005. The study calculated various ratios to assess the relationship with working capital management. The analysis revealed a positive relationship between these ratios and working capital. However, the study concluded that the company's working capital management was not significant, as it was not being effectively managed. This pointed to potential inefficiencies in how the company handled its financial resources.

## OBJECTIVES OF THE STUDY

The various objectives of the study are as under

1. To examine current Assets of HDFC Bank and ICICI Bank Limited
2. To examine current Liabilities of HDFC Bank and ICICI Bank Limited
3. To examine Working Capital of HDFC Bank and ICICI Bank Limited

## RESEARCH FRAME WORK



(Fig Research Framework)

## HYPOTHESIS OF THE STUDY

The hypothesis of the study is as under

**H<sub>01</sub>**: There is no significant relationship between current liabilities of HDFC Bank and ICICI Bank limited.

**H<sub>a1</sub>**: There is a significant relationship between current liabilities of HDFC Bank and ICICI Bank limited.

**H<sub>02</sub>**: There is no significant relationship between current assets of HDFC Bank and ICICI Bank limited.

**H<sub>a2</sub>**: There is a significant relationship between current assets of HDFC Bank and ICICI Bank limited. .



**H<sub>03</sub>:** There is no significant relationship between working capital of HDFC Bank and ICICI Bank limited.

**Ha<sub>3</sub>:** There is a significant relationship between working capital of HDFC Bank and ICICI Bank limited.

## RESEARCH DESIGN

The present study based on Analytical research design, however, last five years of financial data of both banks have been comparatively analysed. The study is based on secondary data, which was collected from financial report of both banks. The study is conducted between data of 2020-2024.

## Sample Size and Design

Samples for the study is related to five years data (2020-2024) for both bank, however, purposive method of sampling was used to

collect the sample this method also called judgemental method to obtain secondary data.

## Tools for data analysis

Pearson correlation and t-test has employed for data analysis between both banks financial data. However, test applied at 5% level of significance and 95% level of confidence

## HYPOTHESIS TESTING

### Hypothesis First

**H<sub>01</sub>:** There is no significant relationship between current liabilities of HDFC Bank and ICICI Bank limited.

**Ha<sub>1</sub>:** There is a significant relationship between current liabilities of HDFC Bank and ICICI Bank limited.

**Table 1: Comparative Analysis of Current liabilities of HDFC Bank and ICICI Bank Limited**

Year	Current Liabilities HDFC Bank	Current Liabilities ICICI Bank	r	P Value	Sig
2020	70853.63	87414.91	0.6743	0.2119	0.05
2021	77646.07	99616.41			
2022	88918.19	82808.33			
2023	174832.07	98544.63			
2024	174832.07	161704.49			

(Source: Secondary)

n= 5

**Result:** Table 1 deals with Comparative Analysis of Current liabilities of HDFC Bank and ICICI Bank Limited. Result clearly indicates that no positive and significant relationship has been

found between current liabilities of both banks. However, r value found 0.6743 and p value is 0.2119 which is higher than critical value. Hence, null hypothesis is accepted

**H<sub>01</sub> = Accepted**

## Hypothesis Second

**H<sub>02</sub>:** There is no significant relationship between current assets of HDFC Bank and ICICI Bank limited.

**Ha<sub>2</sub>:** There is a significant relationship between current assets of HDFC Bank and ICICI Bank limited. .

**Table 2: Comparative Analysis of Current Assets of HDFC Bank and ICICI Bank Limited**

Year	Current Assets HDFC Bank	Current Assets ICICI Bank	r	P Value	Sig
2020	1,580,830.44	1,374,148.87	0.3765	0.1666	0.05
2021	1,799,506.64	1,570,686.97			
2022	2,122,934.30	1,749,408.89			
2023	2,530,432.44	1,955,398.66			
2024	4,030,194.26	2,360,951.76			

(Source: Secondary)

n= 5

**Result:** Table 2 deals with Comparative Analysis of Current Assets of HDFC Bank and ICICI Bank Limited. Result clearly indicates that no positive and significant relationship has been

found between current Assets of both banks. However, r value found 0.3765 and p value is 0.1666 which is higher than critical value. Hence, null hypothesis is accepted

**H<sub>02</sub> = Accepted**

## Hypothesis Third

**H<sub>03</sub>:** There is no significant relationship between working capital of HDFC Bank and ICICI Bank limited.

**Ha<sub>3</sub>:** There is a significant relationship between working capital of HDFC Bank and ICICI Bank limited.



**Table 3: Comparative Analysis of working capital between HDFC Bank and ICICI Bank Limited**

Year	Working Capital HDFC Bank	Working Capital ICICI Bank	r	P Value	Sig
2020	1509976.81	1286733.96	0.9476	0.01429	0.05
2021	1721860.57	1471070.56			
2022	2034016.11	1711600.56			
2023	2355600.37	1856854.03			
2024	3855362.19	2199247.26			

(Source: Secondary)

n= 5

**Result:** Table 3 deals with Comparative Analysis of working capital of HDFC Bank and ICICI Bank Limited. Result clearly indicates that high positive and significant relationship has been

found between working capital of both banks. However, r value found 0.9476 and p value is 0.01429 which is less than critical value. Hence, alternative hypothesis is accepted

**H<sub>a3</sub> = Accepted**

## CONCLUSION

**The study can be concluded as**

- Findings and result of the study indicates that current Liabilities of HDFC bank and ICICI Bank has not found significantly and positively related with each other. However, current liabilities of HDFC bank and ICICI bank are differently operating. In this regards study rejected alternative hypothesis and accepted null hypothesis. Therefore it can be said that "There is no significant relationship between current liabilities of HDFC Bank and ICICI Bank limited"
- Findings and result of the study indicates that current Assets of HDFC bank and ICICI Bank has not found significantly and positively related with each other. However, current Assets of HDFC bank and ICICI bank is differently operating. In this regards study rejected alternative hypothesis and accepted null hypothesis. Therefore it can be said that "There is no significant relationship between current Assets of HDFC Bank and ICICI Bank limited"
- Findings and result of the study indicates that Working Capital of HDFC bank and ICICI Bank has found significantly and positively related with each other. However, it can be explore those current Assets of HDFC bank and ICICI bank is similarly operating. In this regards study rejected Null hypothesis and accepted Alternative hypothesis. Therefore it can be said that "There is a significant relationship between current Assets of HDFC Bank and ICICI Bank limited"

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