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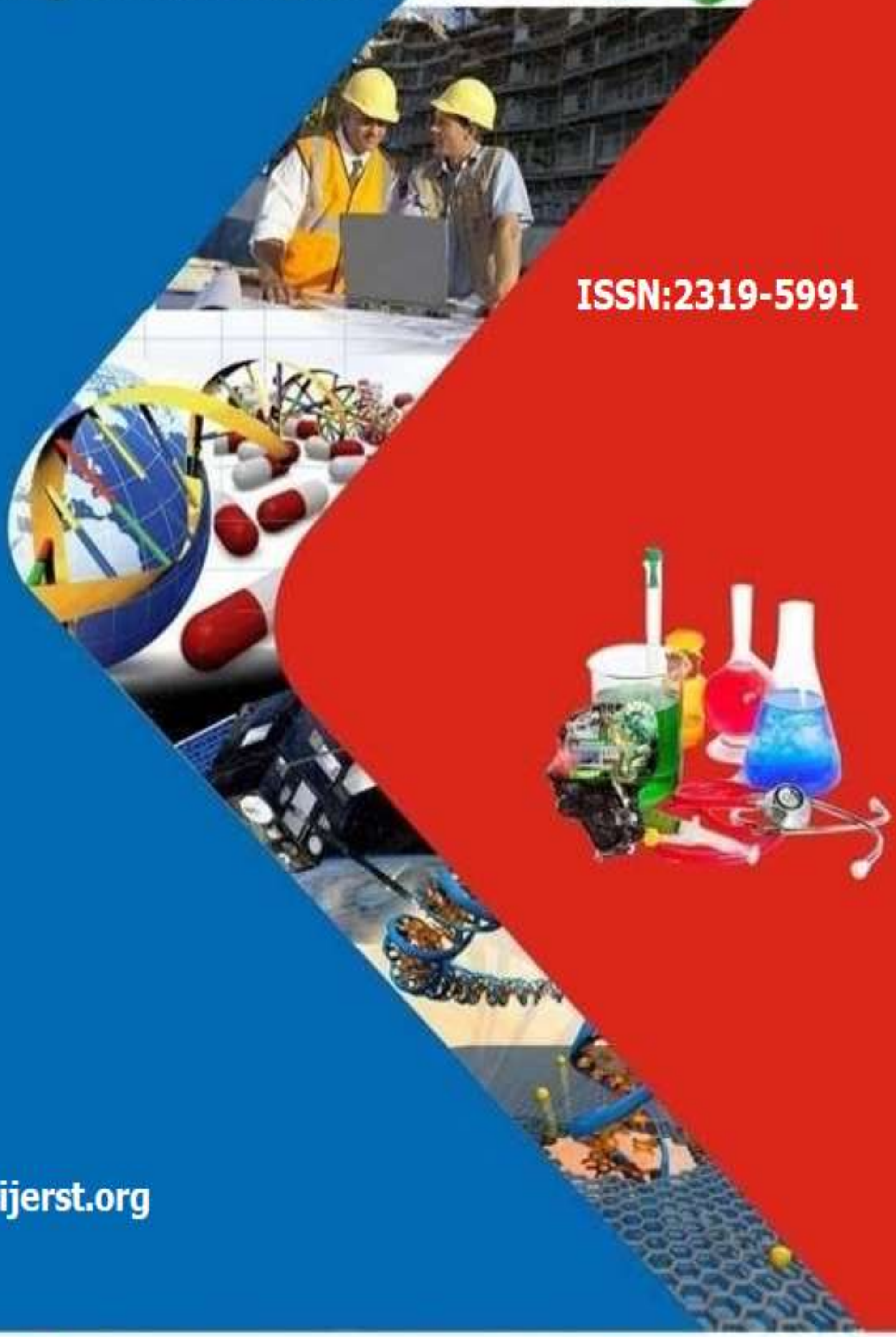

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A STUDY ON WORKING CAPITAL MANAGEMENT AT ICICI BANK, HYDERABAD

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ABSTRACT

ICICI Bank's working capital management efficiency was investigated in this study by looking at important financial indicators over a five-year period. The goal a s to comprehend how the bank strategically handled its short-term assets and liabilities in order to sustain operations, preserve liquidity, and increase profitability. Key elements including deposits, borrowings, advances, investments, interest income, cash reserves, and asset quality metrics were the focus of the investigation. The study offered insights into the bank's capacity to manage its working capital in accordance with operational priorities and regulatory requirements by thoroughly examining these variables.

Key Words: Liquidity Management, profitability, short term assets, liabilities, Working capital

INTRODUCTION

Working capital management is the effective management of a company's current assets and obligations to maintain optimal liquidity and continuous operational flow. In the banking industry, the idea went beyond the conventional manufacturing-related handling of inventory and receivables to include the dynamic handling of deposits, borrowings, short-term advances, investment of excess money, and regulatory reserves. The sophistication of a banking institution's working capital structure was demonstrated by its capacity to keep a balance between money coming in from deposits and interest income and money going out for loans, investments.

REVIEW OF LITERATURE

Kayani (2025) in their study had examined the relationship between working capital management and firm performance across emerging African markets by employing a panel dataset of publicly listed firms in Nigeria, Kenya, South Africa. Using fixed-effects and system GMM estimators, they had assessed the impact of liquidity ratios, receivables turnover, and inventory days on return on assets and return on equity.

Huynh (2025) had explored the interplay between supply chain risks and working capital management by analyzing firm-level data from 200 multinational manufacturing companies during 2016–2022.

Habib (2024) had investigated whether firms' competitive strategies—cost leadership versus differentiation—affected working capital management efficiency using a cross-sectional sample of 250 manufacturing firms listed on the London Stock Exchange in 2018.

Altaf (2024) had examined the joint effects of working capital financing mix and financial flexibility on firm performance in the context of Indian hospitality firms from 2012 to 2021. Utilizing a system-GMM estimator on an unbalanced panel of 98 firms, the study had assessed how trade credit, bank borrowings.

Banerjee (2024) had examined the joint effects of managerial ability and working capital management efficiency on firm performance using a sample of 300 US manufacturing firms during 2010–2019. Managerial ability had been proxied by Data Envelopment Analysis of ROA-based efficiency, and working capital efficiency had been measured via cash conversion cycles.

NEED FOR THE STUDY

The importance of working capital management in maintaining the liquidity

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and operational continuity of financial institutions—where daily cash flows and interbank balances determined the ability to satisfy depositor demands and regulatory requirements—made the study necessary. There was a knowledge gap regarding the unique difficulties and factors influencing working capital efficiency in banking contexts because previous study had mostly concentrated on non-banking industries. The study filled this vacuum by providing empirical insights into the profitability relationships and liquidity drivers unique to banking operations, thereby advancing both academic theory and managerial practice.

SCOPE OF THE STUDY

In order to capture temporal trends and evaluate the effectiveness of liquidity management practices, the study included an analysis of the main components of working capital over a five- year period, including cash equivalents, short-term investments, balances with other banks, deposits, borrowings, advances, and provisions. It has used quantitative methods, such as trend analysis and ratio analysis, to investigate the connections between financial performance indicators and working capital measurements.

OBJECTIVES OF THE STUDY

1. To study the components of working capital used by ICICI Bank.
2. To evaluate the efficiency of working capital management practices at ICICI Bank.
3. To analyze the trends of cash equivalents, short-term investments, balances with other banks during the last five financial years at ICICI Bank.
4. To analyze the trends of deposits, borrowings, advances and provisions during the last five financial years at ICICI Bank.

RESEARCH METHODOLOGY

Bar charts and pie charts were used to show the compositional changes in working capital components over time, while frequency analysis and descriptive statistics were used to summarize liquidity and solvency indicators. To ensure methodological rigor and analytical transparency, MS-Excel was used for data processing and visualization, while SPSS was used for further statistical validations.

SOURCES OF DATA

- Secondary data:

- Annual reports of ICICI Bank
- peer-reviewed journals
- Published research papers, journals, and books

DATA COLLECTION TOOLS

- Pie charts
- Bar charts
- Descriptive statistics and MS-Excel had been used for data analysis.

LIMITATIONS OF THE STUDY

1. The study only used secondary data, management insights and qualitative subtleties could not be included.

2. It was difficult to record longer-term structural changes or cyclical economic consequences within the five-year timeframe.

3. Possible comparability limitations were brought about by changes in accounting rules and currency fluctuations between reporting years.

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DATA ANALYSIS AND INTERPRETATION:

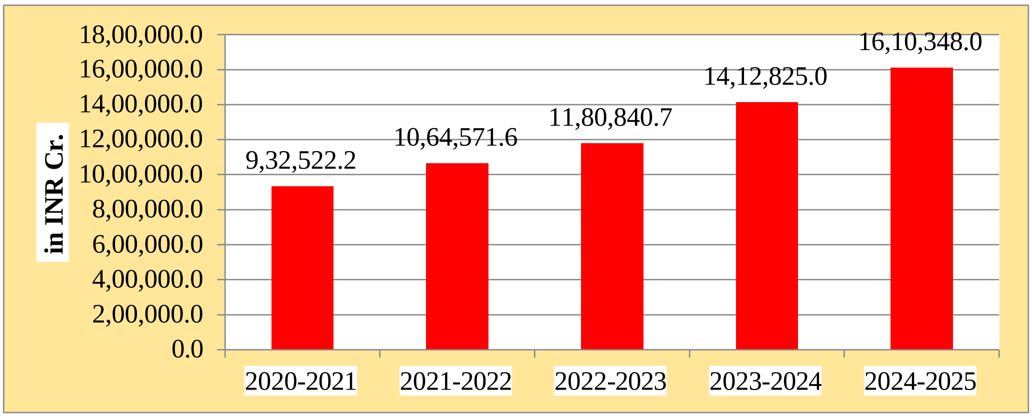
Tools improved data processing and visualization accuracy. Through the methodical gathering and analysis of secondary financial data across a five-year period, the study technique was designed to provide a thorough investigation of working capital management at ICICI Bank.

Table 1: Deposits (INR Cr.) of ICICI Bank Deposits (INR Cr.) of ICICI Bank

Table 1: Deposits

Financial Year	Deposits
2020-2021	932,522.2
2021-2022	1,064,571.6
2022-2023	1,180,840.7
2023-2024	1,412,825.0
2024-2025	1,610,348.0

Figure 1: Deposits



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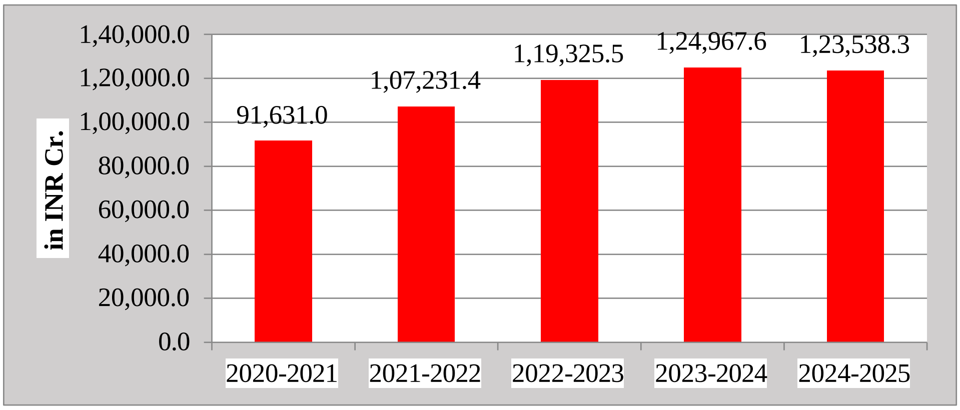
Interpretation

The deposits of ICICI Bank exhibited a consistent upward trajectory over the five-year period, reflecting strong customer confidence and widening market outreach. From INR 932,522.2 crore in FY 2020-21, deposits surged to INR 1,610,348.0 crore by FY 2024-25. This robust growth indicated increased mobilization of retail and institutional funds, underscoring the bank's strengthened liability base and its ability to generate low-cost capital for funding advances and investments.

Borrowings (INR Cr.) of ICICI Bank Table 2: Borrowings

Financial Year	Borrowings
2020-2021	91,631.0
2021-2022	107,231.4
2022-2023	119,325.5
2023-2024	124,967.6
2024-2025	123,538.3

Figure 2: Borrowings



Interpretation

The borrowings of the bank reflected a moderate increase from FY 2020-21 to FY 2023-24, growing from INR 91,631 crore to INR 124,967.6 crore, before slightly tapering off in FY 2024-25 to INR 123,538.3 crore. This trend suggested that the bank had strategically optimized its funding mix by relying more on internal sources like deposits, thereby maintaining leverage at prudent levels.

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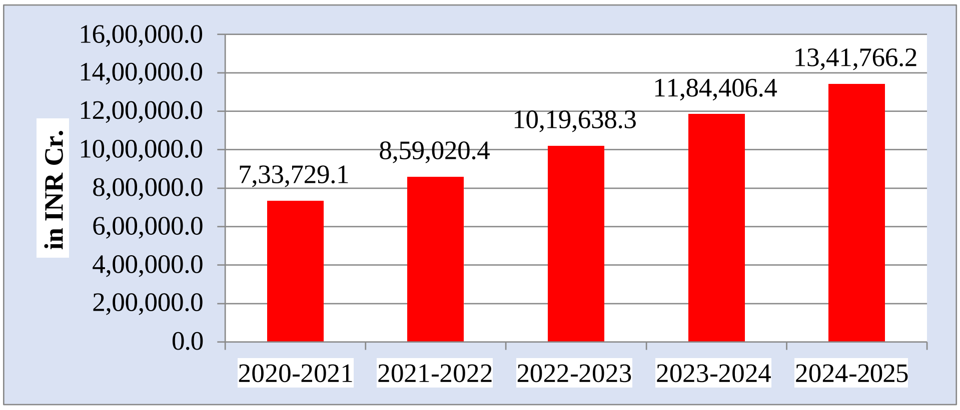
Advances (INR Cr.) of ICICI Bank Table 3: Advances

Financial Year	Advances
2020-2021	733,729.1
2021-2022	859,020.4
2022-2023	1,019,638.3
2023-2024	1,184,406.4
2024-2025	1,341,766.2

Figure 3: Advances



Interpretation

The bank's advances portfolio registered consistent double-digit growth, rising from INR 733,729.1 crore in FY 2020-21 to INR 1,341,766.2 crore in FY 2024-25. This expansion underscored ICICI Bank's increasing credit disbursal capacity and demand from both retail and corporate sectors. The growth in advances also reflected improved credit quality and enhanced market penetration.

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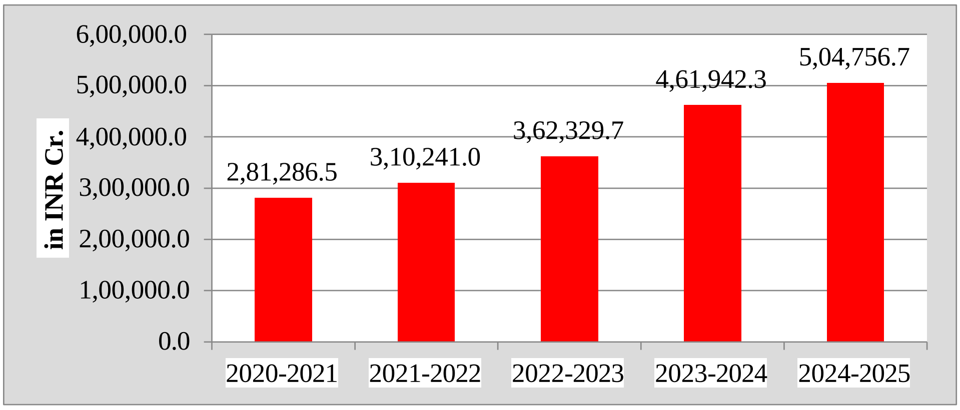
Investments (INR Cr.) Table
4: Investments

Financial Year	Investments
2020-2021	281,286.5
2021-2022	310,241.0
2022-2023	362,329.7
2023-2024	461,942.3
2024-2025	504,756.7

Figure 4: Investments



Interpretation

Investment levels increased significantly, with ICICI Bank deploying more capital into government securities, bonds, and other financial instruments. From INR 281,286.5 crore in FY 2020-21, the investment corpus crossed INR 500,000 crore by FY 2024-25. This rise reflected prudent liquidity management, improved balance sheet strength, and preparation for meeting statutory liquidity ratio (SLR) requirements.

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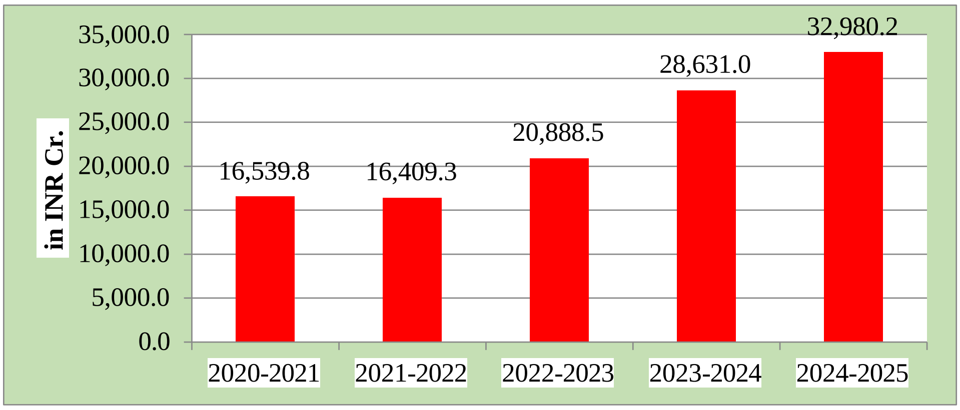
Income from Investments (INR Cr.)

Table 5: Income

Financial Year	Income from Investments
2020-2021	16,539.8
2021-2022	16,409.3
2022-2023	20,888.5
2023-2024	28,631.0
2024-2025	32,980.2

Figure 5: Income



Interpretation

Despite a slight dip in FY 2021-22, investment income steadily grew in subsequent years, reaching INR 32,980.2 crore in FY 2024-25. This rise was attributable to both an expanding investment base and improved yields. The growth trajectory of investment income demonstrated the bank's effective asset allocation and interest rate management strategies.

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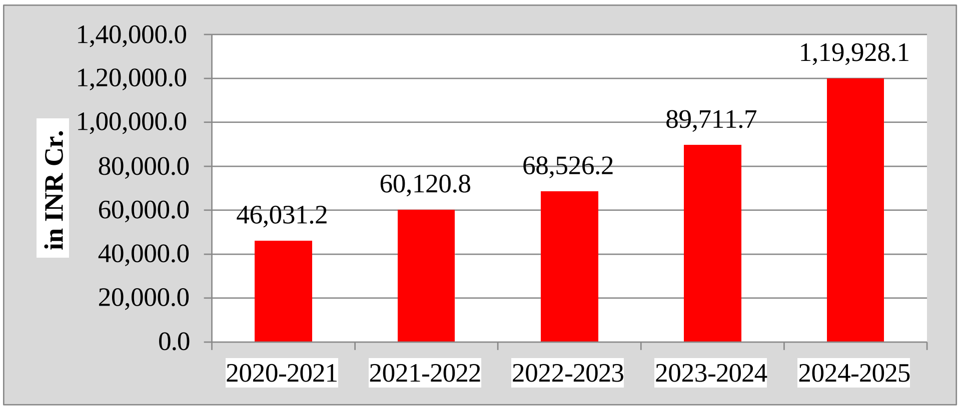
Cash and Balances with RBI (INR Cr.)

Table 6: Cash

Financial Year	Cash and Balances with RBI
2020-2021	46,031.2
2021-2022	60,120.8
2022-2023	68,526.2
2023-2024	89,711.7
2024-2025	119,928.1

Figure 6: Cash



Interpretation

The bank maintained an increasing reserve with the RBI over the five-year span, rising from INR 46,031.2 crore in FY 2020-21 to INR 119,928.1 crore in FY 2024-25. This indicated enhanced liquidity provisioning and regulatory compliance, reinforcing its financial stability and ability to meet statutory cash reserve ratio (CRR) requirements.

FINDINGS

- Cash and balances with the RBI increased significantly, reflecting the bank's prudent liquidity coverage and adherence to regulatory requirements including CRR mandates.
- The balances with other banks and short-term placements showed a fluctuating trend, peaking in FY 2021-22 and then tapering before a mild recovery, reflecting adaptive short- term liquidity management practices.
- Interest income nearly doubled from FY 2020-21 to FY 2024-25, indicating improved asset deployment, stronger loan book performance, and favorable interest rate movements.
- Net profit grew consistently over the five years, showcasing the bank's efficiency in revenue generation, cost control, and overall profitability enhancement.
- The net profit margin expanded steadily in the initial years and later stabilized above 28%, implying sustained profitability despite external financial pressures.
- The gross and net NPA ratios declined

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sharply over time, though a final-year spike in the net NPA to advances ratio suggested emerging asset quality concerns requiring proactive resolution.

SUGGETIONS

- ICICI Bank should enhance mechanisms to increase CASA deposits, thereby lowering the cost of working capital and improving liquidity availability.
- The bank may consider diversifying short-term investment instruments to better manage surplus funds and improve yield on temporary liquidity.
- Improved forecasting models for short-term liquidity needs can help optimize balances with other banks and call money markets.
- The decline in CASA ratio suggests the need for renewed marketing and customer engagement strategies to attract more low-cost savings.
- Greater automation of cash flow tracking and working capital forecasting can enhance real- time liquidity management.

CONCLUSION

The analysis of the financial data from ICICI Bank over the course of five years revealed a methodical and strategically changing approach to working capital management. One important finding was the steady increase in deposits, which acted as the bank's main internal source of liquidity and allowed it to satisfy short-term funding needs for operations and lending without having to rely as much on more expensive external borrowing. In addition to highlighting effective liability management, this pattern indicated market expansion and good customer trust—two factors that are essential for preserving a steady liquidity base within the context of working capital regulation. The bank's overall liquidity posture was significantly influenced by its cash reserve and investment plans.

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