# ACCOUNTS RECEIVABLE MANAGEMENT AT HCG Cancer Hospital, Jaipur

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MBA – HM
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# Accounts receivable management

- **Accounts receivable management** is the process of ensuring that customers pay their dues on time.
- It helps the businesses to prevent themselves from running out of working capital at any point of time.
- It also prevents overdue payment or non-payment of the pending amounts of the customers.

Example :An invoice that states specific terms like 'net 60 days' is a sign that a purchase was made up of an account instead of with cash. The term 'net 60 days' means the whole invoice amount due is to be paid back at the highest of the 60  day period.

## Objective of the study

**To study the Accounts Receivable Management at HCG Cancer Hospital, Jaipur**

The Objective of the study is aimed at the accounts sections of vendors payment due. Accounts Receivable (A/R) is the money owed to a business by its clients. The main objective in Accounts Receivable management is to minimise the Days Sales Outstanding (DSO) and processing costs whilst maintaining good customer relations. Accounts receivable is often the biggest current asset on the balance sheet.

To promote sales and profit until that point is reached where the return on investment in further funding **receivables** is less than the cost of funds raised to finance that additional credit.

# METHODS AND MATERIALS

## Data Collection

Secondary Data was gathered from the finance department of HCG Hospital Jaipur.

## Data Analysis

The data was analyzed for Accounts receivables which are with Vendors , TPA companies , Cash collections.

## RESEARCH DESIGN

Descriptive study

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# Process flow of cash collection in finance department through TPA

COLLECT CASH FROM OPD, IPD AND PHARMACY DEPARTMENT

CASH WILL COLLECTED BY FINANCE DEPARTMENT BY CASH SCROOL

AFTER THAT TOTAL ONE DAY CASH WILL CHECK INFORT OF OPERATION HEAD.

AFTER THAT INFORM THE THIRD PARTY ADMINISTRTOR (TPA)

TPA COME AND HE /SHE WILL CHECK THE CASH SCROOL AND THEN COUNTING THE CASH OF ONE DAY.

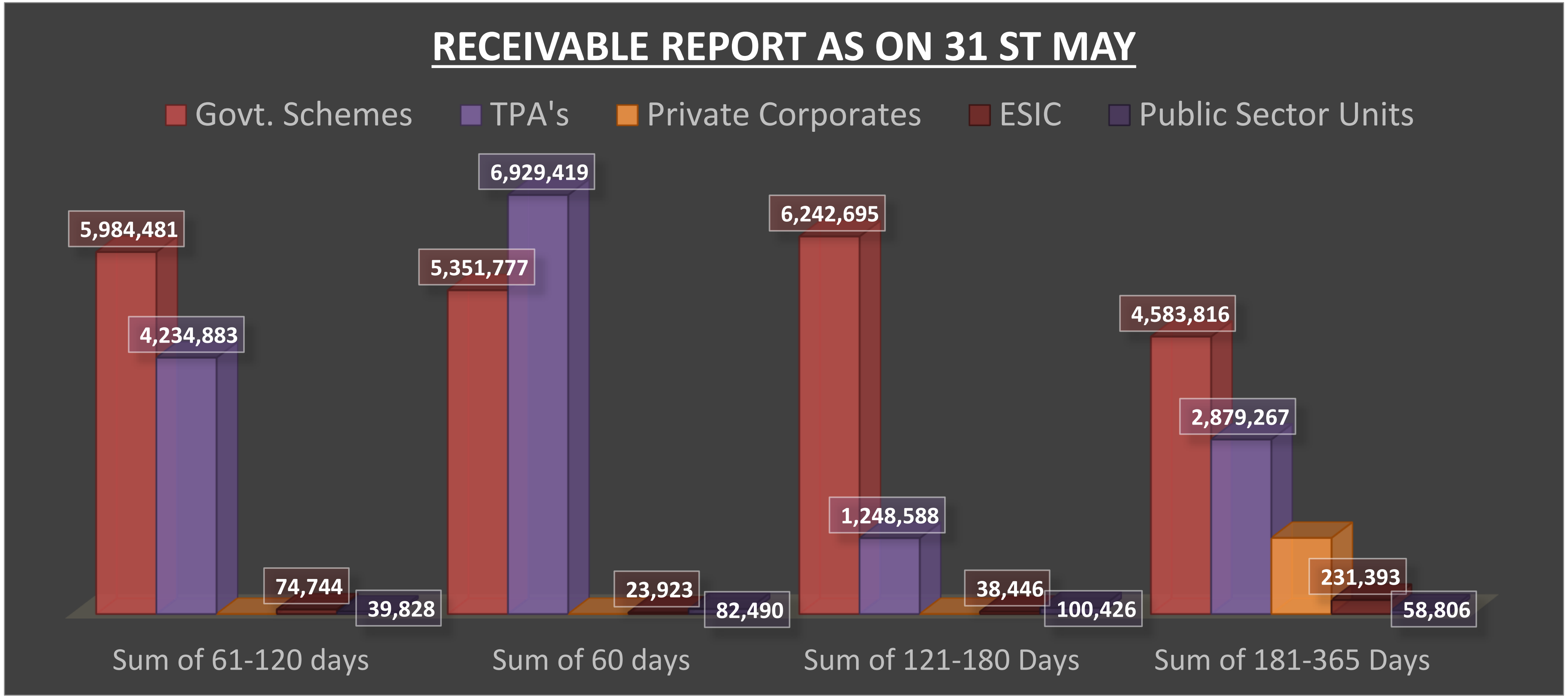
TPA WILL TAKE OUT A BARCODE BAG AND THE BAR CODE WILL SCAN.

AFTER THAT TPA WILL GET OTP FROM BAN AND PACK THE CASH TO THE SCANNAR BAG AND SHILED IT . AT LAST TPA WILL HANDOVER THE CASH TO BANK.

# Data compilation, analysis and interpretation

## A. RECEIVABLES REPORT AS ON 31-MAY-2021

| Row Labels | Sum of 61-120 days | Sum of 60 days | Sum of 121-180 Days | Sum of 181-365 Days | Sum of 1-2 Year | Sum of Total |
|---|---|---|---|---|---|---|
| Govt. Schemes | 59,84,481 | 53,51,777 | 62,42,695 | 45,83,816 | 62,78,690 | 2,85,76,409 |
| TPA's | 42,34,883 | 69,29,419 | 12,48,588 | 28,79,267 | 10,10,606 | 1,63,03,093 |
| Private Corporates | - | - | - | 12,52,081 | 78,542 | 14,49,706 |
| ESIC | 74,744 | 23,923 | 38,446 | 2,31,393 | 3,23,967 | 6,92,473 |
| Public Sector Units | 39,828 | 82,490 | 1,00,426 | 58,806 | 35,546 | 3,17,096 |
| Grand Total | 1,23,87,609 | 1,03,33,936 | 76,30,155 | 90,05,363 | 77,27,351 | 4,73,38,777 |




**RECEIVABLE REPORT OF 31 ST MAY**

HCG

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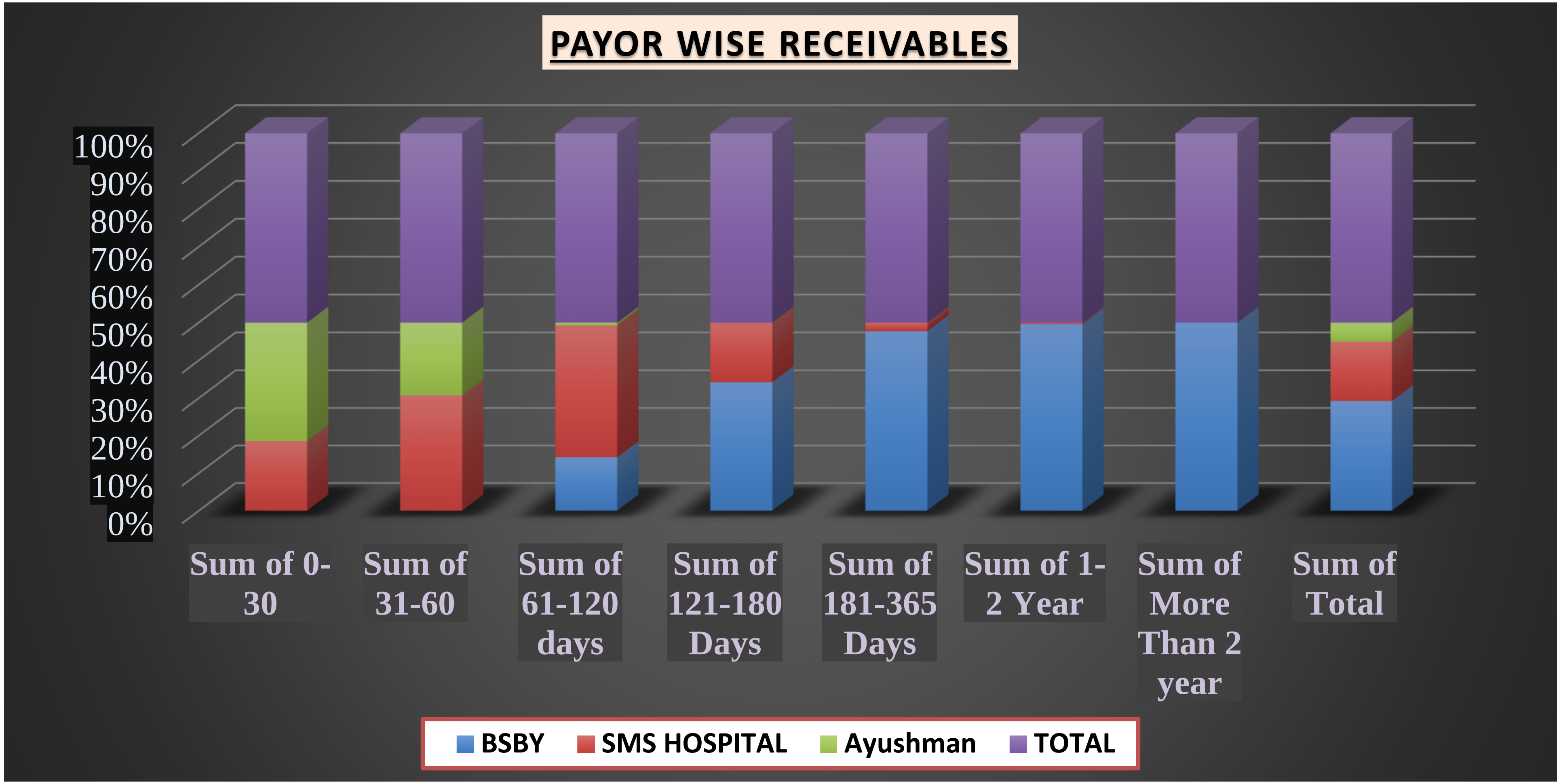
## INTERPRETATION

In this case we can see that all of the receivable's rates are due price. These were using because of vendors payment were due till date . In the month of May, we can see that TPS, payment is high rated due in sum of 60 days . That is 69,29,419. And the low rated due is 0. Means they are not involved in due payment. The name of the vendor is Private corporate. This is an actual report of 31 st may. Which is very necessary for internal and external audit. There are different types of vendors like Government scheme,  tpa’s, Employee state insurance corporate scheme , Public sector unit etc…. So, it is the highly reliable thinking of finance in every hospital and also companies. To be eligible for the ESI scheme, the employee or the worker's monthly salary should not exceed Rs. 21,000 and Rs. 25,000 for people with disability.

## B. PAYOR WISE RECEIVABLES

| Party Name | Sum of 0-30 | Sum of 31-60 | Sum of 61-120 days | Sum of 121-180 Days | Sum of 181-365 Days | Sum of 1-2 Year | Sum of More Than 2 year | Sum of Total |
|---|---|---|---|---|---|---|---|---|
| BSBY | - | - | 17,12,562 | 42,78,658 | 43,77,674 | 62,30,750 | 1,34,950 | 1,67,34,594 |
| SMS HOSPITAL | 11,40,802 | 14,08,525 | 41,85,919 | 19,64,037 | 2,06,142 | 47,940 | - | 89,53,365 |
| Ayushman | 19,22,400 | 8,80,050 | 86,000 | - | - | - | - | 28,88,450 |
| TOTAL | 30,63,202 | 22,88,575 | 59,84,481 | 62,42,695 | 45,83,816 | 62,78,690 | 1,34,950 | 2,85,76,409 |

# DATA ANALYSIS



## INTERPRETATION

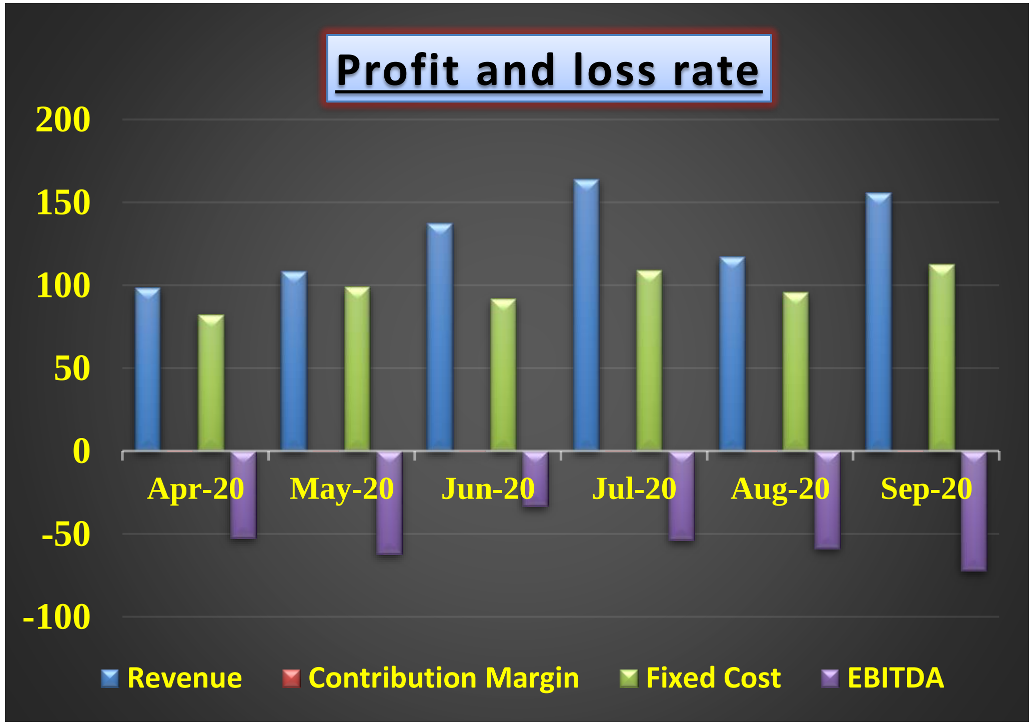
1. Total outstanding more than 60 days is INR 14.50 L.
2. In case of Metro Mass, nothing is pending from our side in terms of documentation, they are saying for releasing asap but they are not committing any date for the same. Second notice has been sent.
3. Legal notice will be issued in this week to Tagore hospital.

In the data every single times like after 60 days or 120 days or 180days etc the did not give the whole payments . So, to solve this problem vendor created of monthly financial report . In this report mentioned in every one-month Gov BSBY,SMS HOSPITAL and AYUSHMAN have to clear their due in time. So, it is very easy process to discuss about this topic in audit circle.

From this data we can see that Gov scheme have no due in the days of 0 to 30 and also 30 to 60. But the high rated due in this sheet is GOV BSBY . The whole amount is 62,30,950. And the lower payment is SMS hospital in 1 to 2 years . The payment is 47,940. And almost lower is 0 .

# C. PROFIT AND LOSS REVIEW ( PART 1 )

| MONTH | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 |
|---|---|---|---|---|---|---|
| Revenue | 98.25 | 108.34 | 137.29 | 163.90 | 116.95 | 155.71 |
| Contribution Margin | 70% | 66% | 57% | 66% | 68% | 74% |
| Fixed Cost | 81.95 | 99.05 | 91.88 | 109.10 | 95.63 | 112.57 |
| EBITDA | -52.47 | -62.10 | -33.25 | -53.73 | -58.60 | -72.24 |

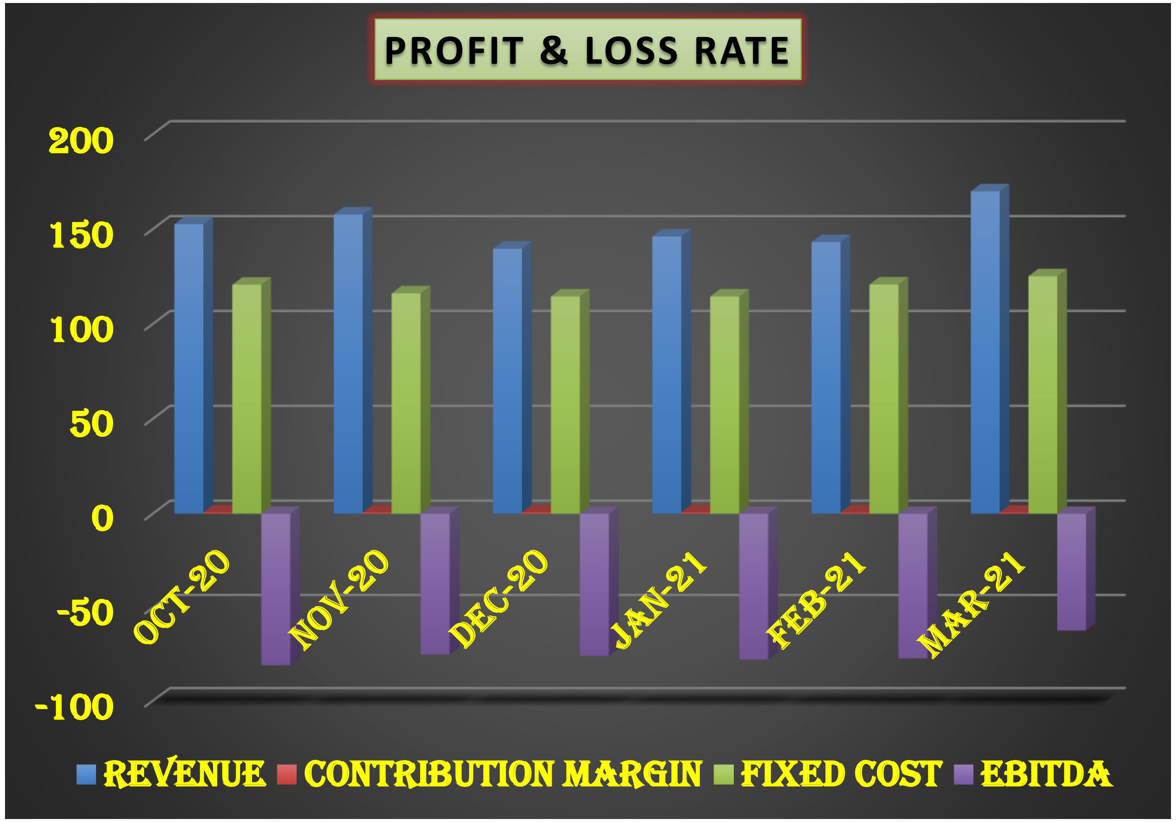


## INTERPRETATION

This is the total graph of profit and loss in HCG hospital Jaipur. From this data we can see that the highest profit is in Sep 2020 in revenue circle. And the highest loss is in Jun 2020 in EBITDA. It is Earning before interest , taxes , and amortization. It's refers to a company's earning before the deduction of interest , taxes , and amortization expenses. It is a financial indicators used widely as a measure of efficiency and profitability. This is called EBITDA. And others in April, May, June, July, August, September were simultaneously ok.

## D. PROFIT AND LOSS REVIEW ( PART 2 )

| MONTH | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 |
|---|---|---|---|---|---|---|
| Revenue | 152.66 | 157.71 | 139.71 | 146.15 | 143.21 | 169.97 |
| Contribution Margin | 74% | 74% | 72% | 75% | 69% | 63% |
| Fixed Cost | 120.72 | 116.17 | 114.56 | 114.54 | 120.88 | 125.20 |
| EBITDA | -80.86 | -75.09 | -75.79 | -77.77 | -77.14 | -62.21 |



**INTERPRETATION**

This is the total graph of profit and loss in HCG hospital Jaipur. From this data we can see that the highest profit is in Sep 2020 in revenue circle which is 169.97. And the highest loss is in Jun 2020 in EBITDA,which is -62.21. EBITDA is Earning before interest , taxes , and amortization. It refers to a company's earning before the deduction of interest , taxes , and amortization expenses. It is a financial indicators used widely as a measure of efficiency and profitability. This is called EBITDA. And others in April, May, June, July, August, September were simultaneously.

## E. 2020 FINANCIAL IMPACT AREA

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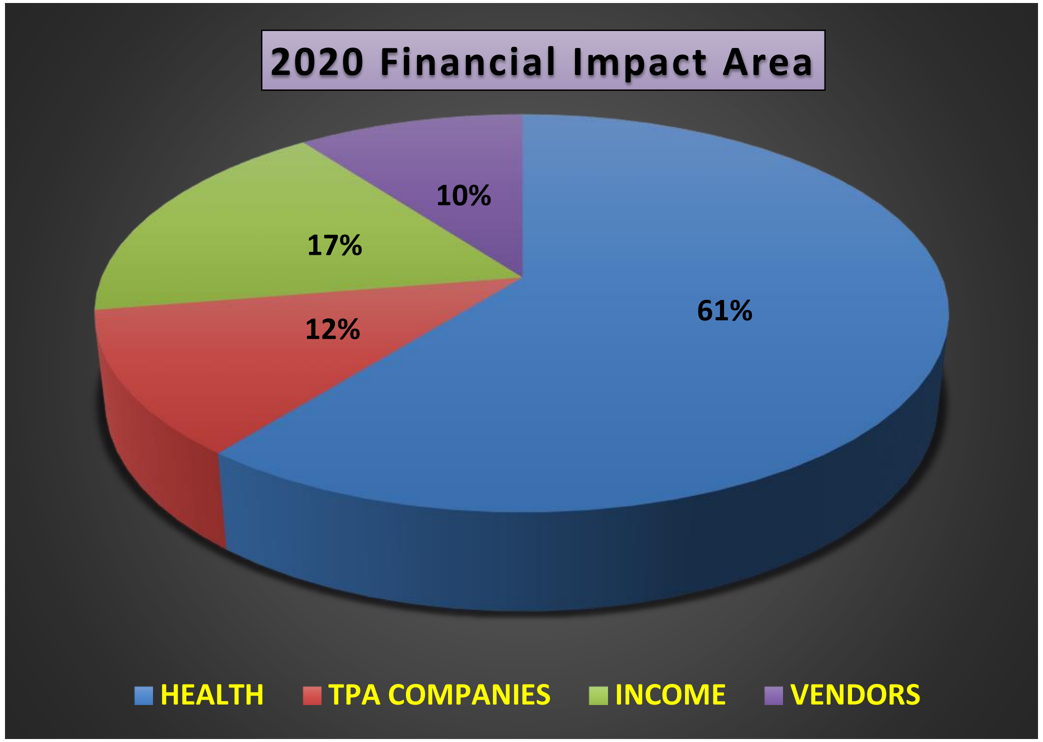
| 2020 IMPACT AREA | ALLOCATION FOR MENBERS | SPECIAL DESIGNATION FOR MEMBERS | OTHER ALLOCATION | GRANTS UNDER MANAGEMENT | AMOUNT | PERCENTAGE |
|---|---|---|---|---|---|---|
| HEALTH | 1,03,52,549 | 19,409 | 6,37,567 | 2,63,87,049 | 3,73,96,574 | 58.97% |
| TPA COMPANIES | 64,23,368 | 1,46,229 | 1,97,656 | 4,62,703 | 72,29,955 | 11.40% |
| INCOME | 75,71,466 | 1,53,824 | 93,883 | 29,36,070 | 1,07,55,242 | 16.96% |
| VENDORS | 32,35,303 | 1,16,934 | 10,938 | 29,09,435 | 62,72,611 | 9.89% |

# E. 2020 FINANCIAL IMPACT AREA




**INTERPRETATION-**

From the pie chart we understood that the highest percentage of 2020 financial area is health which is 61%.And the lowest impact area is vendors area which is 10% Comparatively in health area the amount is higher than others ,which is 3,73,96,574 . Also, TPA Companies and income are as 12%, and 17% .So we see that the changes are in between of Health and vendors.

# RECOMMENDATION

## ACCOUNTS RECEIVABLES MANAGEMENT CAN BE IMPROVE BY:-

1 Creating a business budget which will eventually improve the end-to-end process of accounts receivables by helping to avoid late payments. Through this we will know in advance how much we need to pay, and whether we have sufficient money. Use the budget and invoices' due dates to time expenses. That way, we don't spend more money that is available with the Hospital.

2.Introduction of AP automation software will eliminate paper from the process. It will replace costly, tedious and error-prone manual tasks with automated accuracy. This will ensure control and compliance, increase visibility and management information.

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THANK YOU