

Asset And Liability Management In Health Care Sector With Reference To Fortis Hospital, Bangalore

MR. Tushar Janardhan¹, Ms. R. Suma²

¹Dept of MBA

²Assistant Professor, Dept of MBA

^{1, 2}Jawaharlal College of Engineering And Technology, Ottapalam.

Abstract- *The healthcare sector operates in a complex financial environment where efficient management of assets and liabilities is crucial for sustainability and growth. This study focuses on Asset and Liability Management (ALM) practices within the healthcare industry, with a specific reference to Fortis Hospital, Bangalore. The objective is to evaluate how well the hospital manages its financial resources to ensure liquidity, profitability, and long-term financial stability. Through a detailed analysis of financial statements, asset utilization, debt structure, and risk management practices, the project aims to understand the strategic role of ALM in enhancing operational efficiency. The study also highlights the unique financial challenges faced by healthcare institutions and proposes recommendations for improving ALM frameworks to better align with organizational goals and patient care outcomes. This research serves as a valuable resource for healthcare administrators and financial managers striving to optimize financial performance in a dynamic and resource-intensive environment.*

Keywords- Health Care Sector, Asset and Liability Management, Financial Management, Liquidity, Profitability, Risk Management, ALM Practices, Strategic Financial Planning.

I. INTRODUCTION

The healthcare sector is a vital pillar of any economy, directly impacting the quality of life and well-being of society. In India, the industry has witnessed significant growth over the past few decades, driven by rising demand for quality healthcare services, advancements in medical technology, and increased private sector participation. However, managing a large, multispecialty healthcare institution involves complex financial and operational challenges, among which Asset and Liability Management (ALM) stands out as a critical function for maintaining financial equilibrium and ensuring long-term sustainability. ALM refers to the strategic management of assets and liabilities to optimize financial performance while mitigating risks related to liquidity, interest rates, and market volatility. In the healthcare sector, where organizations face high capital expenditure on infrastructure, medical equipment, and technology, along with substantial operating costs and

financing obligations, efficient ALM becomes essential. Balancing short-term liabilities with long-term investments while ensuring uninterrupted patient care requires a dynamic and prudent financial approach. This project examines Asset and Liability Management in the healthcare sector with specific reference to Fortis Hospital, Bangalore—a leading multispecialty hospital recognized for its advanced healthcare services and robust financial strategies. The study aims to explore how Fortis Hospital navigates financial complexities in a competitive and regulated environment, where effective ALM directly influences service quality, operational efficiency, and institutional growth. By analyzing the hospital's capital structure, financial strategies, and risk management practices, the project offers insights into how healthcare organizations can enhance their financial resilience and agility in the face of economic uncertainties, regulatory changes, and evolving stakeholder expectations.

II. REVIEW OF LITERATURE

- **Katarina Simons (2016)**, in her study titled “*Interest Rate Derivation and Asset and Liability Management*”, examined the role of interest rate derivatives and asset-liability management in U.S. commercial and savings banks. The study highlighted a significant surge in derivative contracts, rising from \$6.8 trillion in 1990 to \$11.9 trillion in 1993—a 75% increase. Simons raised concerns regarding the systemic risks posed by the increased use of derivatives and emphasized the need for robust risk management frameworks. The study utilized quarterly call report data to analyze patterns in derivative use and their implications on banking stability.
- **P. Madhu Sudana Rao (2016)**, in his work “*Asset Liability Management of Banks and Financial Institutions*”, explored the fundamental concepts of ALM as a strategic tool to manage mismatches between a bank's assets and liabilities. The study noted that financial institutions are exposed to multiple risks, including interest rate risk, currency exchange risk, and asset risk. ALM was recognized as an essential tool for maintaining liquidity and mitigating interest rate risks in banks and other financial service companies.

- **Gao and Liao (2013)** introduced machine learning techniques into the ALM domain, particularly in healthcare. Their study focused on the application of predictive modeling to forecast financial risks and optimize asset allocation. The use of advanced analytics enabled healthcare institutions to make data-driven decisions, improving financial resilience and strategic planning capabilities.
- **Madiri (2015)** investigated the influence of ESG (Environmental, Social, and Governance) considerations on ALM practices in the healthcare sector. The study emphasized the importance of integrating sustainable investment strategies that not only ensure financial stability but also align with ethical and environmental responsibilities, thereby promoting long-term value creation.
- **Helberg and Lindset (2017)** developed stochastic optimization models tailored for Asset and Liability Management in healthcare institutions. Their research proposed adaptive models that could dynamically respond to fluctuating financial conditions while maintaining hospital liquidity and solvency. These models offer practical frameworks for decision-makers to manage financial uncertainty effectively.

III. OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

Asset and Liability Management in Health Care Sector with Reference to Fortis Hospital, Bangalore

SECONDARY OBJECTIVES

- To allocating capital effectively for future expansion, facility upgrades, and newtechnology acquisitions to maintain competitiveness and patient satisfaction.
- To Identifying and managing potential financial risks associated with changes inhealthcare regulations, patientdemographics, and market trends.
- To optimizing the return on invested assets by strategically allocating fundsacross different investment vehicles

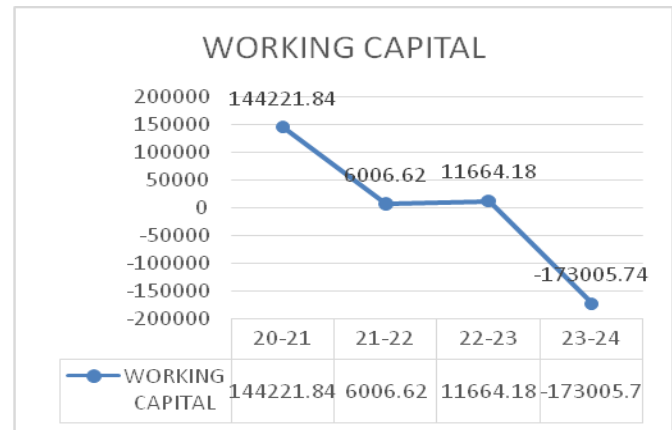
IV. RESEARCH METHODOLOGY

The project " A study on asset and liabilities management with reference to Fortis Hospital Bannerghatta Road" aims to conduct a comprehensive examination of the company's asset and liability management. The research conducted in this study adopts an analytical approach, relying on existing facts, figures, and information that have been previously published in company reports. These reports serve

as the primary source of data for conducting a thorough and critical evaluation of the topic under investigation.

DATA ANALYSIS

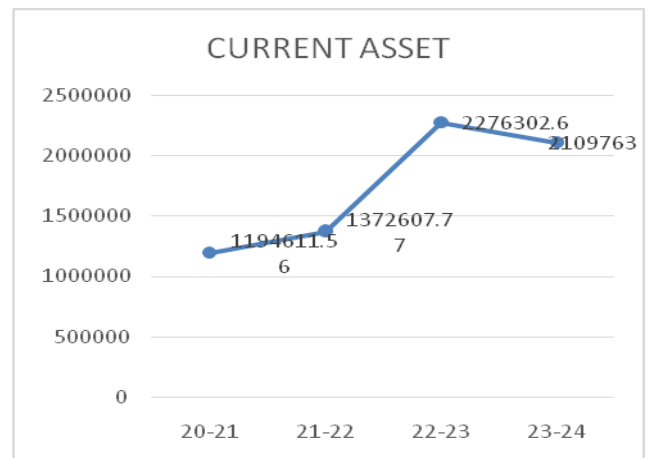
WORKING CAPITAL



INTERPRETATION

The working capital of the organization has shown significant fluctuations from 2020–21 to 2023–24, indicating inconsistent financial health. In 2020–21, the hospital had a strong working capital of ₹144,221.84 lakhs, reflecting good liquidity. However, in 2021–22, it dropped drastically to ₹6,006.62 lakhs, suggesting financial stress. A slight recovery was seen in 2022–23 with ₹11,664.18 lakhs, showing some improvement in short-term financial management. But in 2023–24, the working capital turned negative at ₹-173,005.74 lakhs, indicating that current liabilities far exceeded current assets. This points to serious liquidity issues and highlights the urgent need for effective asset and liability management.

CURRENT ASSET MANGEMENT



INTERPRATATION

The current assets of the organization show a steady increase from 2020–21 to 2022–23. In 2020–21, current assets were ₹1,194,611.56 lakhs, and they grew to ₹1,372,607.77 lakhs in 2021–22, reflecting a healthy rise. There was a sharp increase in 2022–23 to ₹2,276,302.6 lakhs, indicating strong growth. However, in 2023–24, current assets slightly declined to ₹2,109,763 lakhs, suggesting a minor reduction in financial resources available for short-term obligations.

V. CONCLUSION

The analysis of Fortis Hospital's financial data highlights the importance of effective asset utilization and liability management. The growth in current assets and careful management of liabilities has strengthened the hospital's liquidity. However, the decline in non-current assets and fluctuations in liabilities suggest the need for a balanced approach to risk and growth. Fortis has successfully improved its short-term liquidity by managing cash and inventory well. To ensure long-term stability, the hospital should focus on optimizing its debt structure and consider refinancing options. Additionally, regular monitoring of investments is crucial to minimize risks.

The study shows that Fortis is effective in managing short-term obligations, as seen in the rise of current assets. The positive shift from losses to profits in certain periods reflects the hospital's strategic operational improvements. A thorough analysis of current assets, liabilities, equity, and fixed assets provides a complete view of the hospital's financial position. Despite challenges in 2020–2021, subsequent years demonstrate a commitment to improving financial performance, with assets and equity increasing from 2022 onwards.

This study offers valuable insights and recommendations to help Fortis optimize liquidity, profitability, and asset utilization. By addressing past challenges and aligning financial strategies with business objectives, the hospital can ensure sustained growth and stability.

REFERENCES

- [1] Fortis hospital Annual Reports
- [2] Handbook of Asset and Liability Management: Alexandre Adam: 2008
- [3] Asset Liability Management Optimization: Beata Lubinska · 2020

- [4] Gunther, D. (2023). ALM in the Age of Inflation. Journal of Asset and Liability Management
- [5] Asset Liability Management in Indian Healthcare Sector: A Study of Fortis Healthcare by Kumar, S. et al. (2019)
- [6] Liability Management in Healthcare Organizations: A Case Study of Fortis Hospital by Sharma, (2018).