A Study on Financial Performance Analysis of Indian Bank

Dr.N.Priyadharshini[1], Mr.Gokulakrishnan S[2]
[1]M.Com. M.Phil.,Ph.D, Department of Commerce in Computer Application
[2] III B.COM CA
[1, 2] Sri Krishna Adithya College of Arts and Science, Coimbatore.

Abstract- *The main purpose of the study is to analyze the financial performance of the INDIAN BANK for the period of 2018-2022 to know the present performance and position of the bank. This information is used to measure the cash flow statement, trend analysis, ratio analysis of the INDIAN BANK. Though the current assets , current liabilities and net profit of the bank are not satisfactory, and the firm has not succeeded in maintaining a stable solvency position over the years. So the bank has to undertake lot of measures for the better progress of the business. The present world is becoming more complex because of its dynamic nature. Financial management of finance in both its resources and its uses in the enterprises. It is being rightly said that business needs more capital to make more profits and survive in the economy..*

I. INTRODUCTION

Financing is the process of raising of funds or capital for any kind of expenditure. It is the process of channeling various funds in the form of loans, credits or invested capital to those economic entities that are mostly needed to them or they can be put in the most productive use. Finance is a term for matters regarding the management, creation, and study of money and investments. It also involves the use of credit and debt, securities, and investment to finance current projects using future income flows. Because of this temporal aspect, finance is closely linked to the time value of money, interest rates and other related topics. Finance can be broadly divided into three categories:
- Personal finance
- Corporate finance
- Public finance

II. STATEMENT OF THE PROBLEM

Analyzing financial performance is the process of evaluating the general parts of financial statements to obtain a better understanding of the firm's position and performance. The Financial performance analysis enables the investors and creditors evaluate past and current performance and financial position, and to predict future performance. Financial statement is used to judge the profitability and financial soundness of a firm.

OBJECTIVES OF THE STUDY:

1. To analyze the financial position of the INDIAN BANK.
2. To analyze the profit and loss account and Balance sheet of the Indian Bank

SCOPE OF STUDY:

The scope of the study is to identify the financial stability of the bank.Then to compare the profit and loss of five years.

III. REVIEW OF LITERATURE

- (Kumar & Kumar, 2016) studied and compared the output of four public sector banks from 2011 to 2015. They compared SBI to other public banks using a variety of financial ratios and came to the conclusion that SBI is superior.
- Pooja Mengi in her article "Customer satisfaction with service quality- An empirical study of public and private sector banks", (September 2009) considered that customer services is an integral part of any facet of banking and it defines the future of any   banking organization.

IV. METHODOLOGY USED IN THIS STUDY RESEARCH DESIGN

Research design means it is the set of methods which have been used in collecting and analysing the measure of the variables specified in the problem research. It is a framework which has been created to find answers to research questions.

DATA COLLECTION:

Data are facts may be derived from several source. Data is of two types Primary and Secondary.

PRIMARY DATA

First time collected data are referred to as primary data. In this research the primary data was collected. The questionnaire consists number of questions in google form.

SECONDARY DATA

Secondary data was collected with help of internet, newspaper, magazines, research paper, journals, books and respective websites were also used to gather the data and information.

TOOLS FOR ANALYSIS:

Following tools are used in the study
- Ratio Analysis
- Trend Analysis
- Cash flow statement

LIMITATIONS OF THE STUDY:

- Data is based on secondary data, so if there is any numerical error the balance sheet or profit and loss account would be affected.
- Time constraints.
- The result and findings are only for 5 years, so previous year's data is not considered.

FINDINGS

1. From the above table the forecasted net profit of the year indicates a positive response.
2. The expected net profit in the year 2018-2019 and 2019-2020 has been decreased.
3. This shows that there will be decreasing position for the future period of Indian bank.
4. Thus the company should reduce the costs by improving the operations to show positive results.

TABLE USED: CASH FLOW STATEMENT

PARTICULARS	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
PROFIT BEFORE	3944.82	3004.68	753.36	321.95	1258.99
NET CASH FLOW FROM OPERATING ACITIVITY	28732.11	17062.41	-8734.62	14963.61	-3676.10
NET CASH USED IN INVESTING ACITIVITY	-298.97	-543.15	-247.24	-248.39	-214.28
NET CASH USED IN FINANCIAL ACITIVITY	18.44	1865.55	2829.49	-7622.63	6776.44
NET INC/DEC IN CASH	28451.58	40135.19	-6095.70	7092.59	2886.07

AND CASH EQUIVALENT					
END OF THE YEAR	79916.05	54059.88	13924.68		

INTERPRETATION

- The cash and cash equivalents at the beginning of the year 2017-2018 were 51464.47 rs and increased to 79916.05 rs at the end of the year.
- This shows the increase and better performance of cash flow of the company
- Then compared to 2018 cash and cash equivalents the next year decreased to 13924.68 but at end of the year it increased to 54059.88 rs.
- The very next year the cash at the beginning of the year was 20020.38 and it decreased to 13924.68.
- This shows the negative look on 2019-2020th year performance .
- The 2020 and 2022 was resulted in decreasing cash flows at the end of the financial year.
- In the year 2021 that shows the average performance of cash flow of the company.

SUGGESTIONS:

Following are the suggestion made to the Indian Bank for the devolopement, they are as follows:

- Though the bank has equal current assets to cover current liabilities in the liquidity position, the bank has to increase further more operations so that they can meet the current liability which decrease over the years.
- The bank should show more concern to control the costs in order to increase the net profit.
- The Indian bank seems to earn sufficient return for the investments made by the shareholder.
- Therefore the company should maintain the return on equity ratio.
- The overall cash flow statement analysis for the year 2018-2022 is satisfactory but in order to overcome from all the expenses and losses, the firm can take lot of new innovations and strategies to improve the profitability position of the bank.
- trend analysis for the year 2018-2022 is satisfactory but in order to overcome the expenses of the bank may reduce so as to improve the profitability position for the future period of the bank.

V. CONCLUSION

The Conclusion of the study has determined the financial position of Indian bank.The performance of the bank is improving year after year and the bank must take certain measures to increase the profitability of the business.Though the current assets , current liabilities and net profit of the bank are not satisfactory, and the bank has not succeeded in maintaining a stable solvency position over the years.It must aim to perform consistently to sustain the position in the banking sector.

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