

# A STUDY ON MONETARY PERFORMANCE ANALYSIS OF GEOGRAPHIC REGION COMMERCIAL BANK

**Dr.D.SIVAKUMAR., M.A.,M.Phil.,Ph.D**

Assistant Professor

Department of Economics

Government Arts College

Tiruvannamalai-606 603

Tamilnadu, India

## Abstract

*Banks play a vital role within the economic development of a rustic. They the lifeblood of recent commerce and have management over an oversized a part of funds. A bank may be money negotiate that accepts deposits and channels them into loaning activities. It plays a significant role within the promoting of latest sort of deposits and advances schemes. The operational potency, service quality and social control effectiveness are the most areas to watch the performance of a bank. The money performance of a bank may be measured because the action of the bank in terms of profit position, service quality, client satisfaction and alternative relevant aspects. The profit of a bank denotes the potency with that a bank deploys its total resources to optimize its internet profits associate degreed so function an index to the degree of plus utilization and social control effectiveness. At present, the Indian industry faces variety of inauspicious challenges. In such a state of affairs, this study is a trial to live the money performance of the second largest public sector bank of Asian nation i.e. geographical area full service bank. This study is entirely supported secondary knowledge and totally different ratios are applied to gauge the money performance of the bank at the side of multivariate analysis with the assistance of SPSS twenty.0. The study terminated that the chosen bank has performed well on the sources of rate and money potency however profit position has been found poor throughout the study amount.*

**Keywords:** *Public Sector Bank, geographical area full service bank, come back on Assets, come back on Equity, earnings Margin*

---

## I. INTRODUCTION

A decent bank isn't solely the monetary heart of the community however conjointly a aid in each attainable manner to boost the financial condition of the society. Banks are a elementary element of the financial set-up and also are active players in monetary markets. The essential role of a bank is to attach people who have capital (investors or depositors), to people who request capital (individuals or firms). Banks have management over an outsized a part of the provision of cash in circulation. Through their influence over the amount of bank cash, they will influence nature and character of production in any country. Economic development could be a dynamic and continuous method that extremely depends upon the extent of mobilization of resources, investment and operational potency of assorted segments i.e. trade, industrial development, and agriculture of the economy. Thus, during a trendy economy like Bharat, banks became an area and parcel of all economic activities.

Banks play a big role within the economic development of all the Nations of the planet. In fact, Banking is that the lifeblood of recent Commerce. From its original slim scope and modest purpose of taking care of alternative people's cash and disposition an area of it, banking has developed to such Associate in Nursing extent that, in countries like European country, France and also the U.S.A., there's few trade while not the help of a Bank is wanted in one type or another (Srivastava, 2013). The current study is split into four elements. The primary half provides the introductory background of the topic; a apothegmatic survey of obtainable literature has been conducted within the second a part of the study. Third section provides the elaborate methodology of gift analysis and also the fourth section of the study cares with knowledge analysis and interpretation. The simple fraction covers the closing remarks and suggestions.

### **Monetary Performance Evaluation: a short Review**

Monetary Analysis could be a method of synthesis and account of economic and operative knowledge to induce an insight into the operative activities of a concern. Monetary analysis consists of comparisons for constant company over periods of your time or comparisons of various corporations either within the same business or in several industries. it should be in serious trouble a range of functions, which can vary from an easy analysis of the short term

liquidity position of the firm to a comprehensive assessment of the strengths and weaknesses in numerous areas. it's useful in assessing company excellence, operational potency, judgment credit goodness, prediction bond ratings, predicting bankruptcy and assessing market risk. The monetary analysis is performed by analysts WHO work for the firm or by outsiders like investors, creditors, lenders, suppliers, customers, security analysts, academicians, researchers, environmental protection organizations, interest group lobbying teams, government and alternative restrictive bodies. There ar numbers of tools and techniques offered for the performance analysis of a bank like knowledge enclosing Analysis, even-toed ungulate model and magnitude relation analysis, etc. monetary analysis of a bank is done mainly with the assistance of magnitude relation analysis. Magnitude relation analysis allows the management of banks to spot the causes of the changes in their advances, income, deposits, expenditure, profits and profitableness over the amount of your time and so facilitate in pinpointing the direction of action needed for raised deposits, income, advances and reducing the expenditure and for neutering the profitableness prospects of the banks in future. To be extremely useful and much helpful for the bankers, the package of ratios ought to be tiny in size, straightforward in calculations, logically consistent and statistically valid. Over the years, numerous specialists propounded a excess of ratios for analyzing the monetary position of a bank. The monetary analysis of a bank is through with the assistance of 4 general classes of ratios viz. profitableness magnitude relation, liquidity magnitude relation, leverage magnitude relation and activity magnitude relation.

### **Punjab National Bank: associate Introduction**

national bank full service bank commenced its operations on Gregorian calendar month twelve, 1895 from city with a certified capital of Rs. commercial bank hundred thousand and dealing capital of Rs twenty,000. Geographical region full service bank is associate Indian international banking and monetary services company. It's a state-owned corporation based mostly in New Delhi, India. Supported in 1894, the bank has over vi, 968 branches and over nine, 656 ATMs across 764 cities and serves over eighty million customers. Geographical region full service bank was registered on nineteen might 1894 underneath the Indian firms Act, with its workplace in Anarkali Bazaar, Lahore. The bank started its operations on twelve Gregorian calendar months 1895 in city. In 1900, PNB established its initial branch outside city in India.

Future major event occurred in 1940 once PNB absorbed Bhagwan Dass Bank that had its head workplace in Dehradun. On thirty one March 1947, even before Partition, PNB had set to go away city and transfer its registered workplace to India; it received permission from the city tribunal on twenty Gregorian calendar month 1947, once it established its new head workplace at underneath Hill Road, Civil Lines in New Delhi. In 1951, PNB noninheritable thirty-nine branches of Republic of India Bank (est. 1942) and Republic of India Bank became Republic of India Nidhi Ltd. In 1960, PNB once more shifted its head workplace from Calcutta to Delhi. In 1961, PNB no inheritable Universal Bank of India, that Ramakrishna religion had established in 1938 in Dalmianagar, Bihar. PNB conjointly amalgamated Indo depository financial institution (est. 1932 by S. N. N. Sankaralinga Iyer) in a very rescue.

The govt. of India nationalized PNB and thirteen different major industrial banks, on nineteen July 1969. In 1976, PNB opened a branch in London. Within the same year, PNB noninheritable geographic area depository financial institution (est. 1943) in a very rescue. The acquisition another Hindustan's 142 branches to PNB's network. In 1993, PNB no inheritable New Bank of India, that the GOI had nationalized in 1980. In 1998 PNB established a representative workplace in urban center, Kazakhstan. In 2003 PNB took over Nedungadi Bank, the oldest personal sector bank in Kerala. PNB conjointly opened a representative workplace in London. In 2004, PNB established a branch in Afghanistan national capital}, Afghanistan, a representative workplace in Shanghai, and another in urban center. PNB conjointly established associate alliance with Everest|Mt. Everest mountain peak} Bank restricted in Nepal Asian country Asian nation} that allows migrants to transfer funds simply between India and Everest Bank's twelve branches in Nepal. Currently, PNB owns twenty per cent of Everest Bank. 2 years later, PNB established PNBIL i.e. geographical region full service bank (International) within the United Kingdom of Great Britain and Northern Ireland, with 2 offices; one in London, and one in Southall. Since then, it's opened additional branches, now in Leicester, Birmingham, Alford, Wembley, and Wolverhampton. PNB conjointly opened a branch in port.

In January 2009, PNB established a representative workplace in port, Norway. PNB hopes to upgrade this to a branch in due course. In January 2010, PNB established a subsidiary in Kingdom of Bhutan. PNB owns fifty one per cent of Druk PNB Bank that has branches in

Thimpu, Phuentsholing, and Wangdue. Native investors own the remaining shares. Then on one night, PNB opened its branch in Dubai's center. In Gregorian calendar month 2011, PNB opened a representative workplace in state capital, Australia. The Dec 2012, PNB signed associate agreement with US-based life assurance company (Metlife) to amass a thirty per cent stake in MetLife's Indian affiliate MetLife India restricted. The corporate would be renamed PNB MetLife India restricted and PNB would sell MetLife's merchandise in its branches.

### **Statement of Drawback**

Monetary performance of a concern being one amongst the foremost characteristics, defines fight, potentials of the business and economic interests of the management. Therefore, monetary performance analysis and identification of weaknesses and strengths victimization monetary performance indicators has its contribution to the management, shareholders, the general public (customers of the bank), the regulator (the government), the monetary sector and therefore the economy as a full. in a very competitive monetary market, bank performance provides an indication to depositors and investors whether or not to withdraw funds from or invest within the bank. Similarly, it flashes direction to bank management whether or not to enhance its deposit service or loan service or each. Regulators are interested to grasp the monetary health of banks for regulation functions. what is more, the explanation of economic analysis is to diagnose the knowledge contained in a very budget therefore on choose the longer term earning, ability to pay interest, debt maturities, gain, client services and dividend policy. This study is undertaken to gauge the monetary performance of the second largest public sector bank of India. it's essential to look at the monetary potency, operational activities and different relevant monetary aspects of geographical region full service bank for its sleek running and to enhance the service quality to form it additional favorable

### **REVIEW OF LITERATURE**

Literature survey is generally conducted to review the present status of a particular research topic. It helps the researcher to know the quantum of work already done on the particular topic and the area not yet touched. Relevant literature is accessed through research reports, articles, books, journals, magazines and other relevant materials. Some studies related to the evaluation of financial performance are discussed below:

Kumbirai and Webb (2010) investigated the performance of South Africa's commercial banking sector for the period 2005- 2009. Financial ratios were employed to examine the profitability, liquidity and credit quality performance of five South African based commercial banks. The study concluded that overall bank performance increased considerably in the first two years and a significant change in trend was noticed at the onset of the global financial crisis in 2007, reaching its peak during 2008-2009. This resulted in falling profitability, low liquidity and deteriorating credit quality in the South African Banking sector. Kumar, B.S. (2008), evaluated the financial performance of Indian private sector banks. The study revealed that Private sector banks play an important role in the development of Indian economy. The economic reforms totally have changed the banking sector. RBI permitted new banks to be started in the private sector as per the recommendation of Narasimhan committee. The Indian banking industry was dominated by public sector banks, but now the situation has changed. New generation banks with better technology and professional management have gained a reasonable position in the banking industry. Koeva, P. (2003), examined the performance of Indian Banks. The analysis focused on evaluating the behavior and determinants of bank intermediation costs and profitability during the liberalization period. The results of the study suggested that ownership pattern had a significant effect on performance indicators and the observed increase in competition during financial liberalization which has been associated with lower intermediation costs and profitability of the Indian banks. Almazari (2011) in his study analyzed the financial performance of seven Jordanian commercial banks for the period 2005-2009.

Simple regression was used to estimate the impact of independent variable i.e. the bank size, asset management, and operational efficiency on dependent variable represented by return on assets and interest income size. The study concluded that banks with higher total deposits, credits, assets, and shareholders' equity did not always have better profitability performance. It was also found that there exists a positive correlation between financial performance and asset size, asset utilization and operational efficiency. Regression analysis also confirmed that financial performance is greatly influenced by these independent factors. Abdulrahman and Al-Sabaawee (2011) in their study tried to assess the performance of Islamic banks through the use of complex financial analysis based on the use of two tools using financial ratios and analysis of

change and the general trend on the basis of the base year. The study was conducted to judge the performance of these banks and the efficiency of management in utilizing financial resources optimally and to achieve economic and social objectives. The study sample consisted of Iraqi Islamic Bank and Jordan Islamic Bank for the period 2000-2008.

The study found that if Islamic banks want to achieve economic and social objectives in line with their fundamental base, they should have great decision making, financial policies future plans strengthen the position of these banks in the society as well as they should use financial instruments provided by the financial analysis to reach the desired goals. Aspal and Malhotra (2013) measured the financial performance of Indian public sector banks' asset by camel model and applied ANOVA, f-test and arithmetic test on the data collected for the time period 2007-2011. The study revealed that the top two performing banks were Bank of Baroda and Andhra Bank because of high capital adequacy and asset quality and the worst performer was United Bank of India because of management inefficiency, low capital adequacy and poor assets and earning quality.

### **Research Gap**

Although some studies are conducted on money performance analysis of banks, performance comparison between government and personal banks and different money establishments however analysis within the case of geographic region full service bank still remains unknown. The researchers try and fill this lack of proof by extending the difficulty to the particular context of the bank. Therefore, the most purpose of this study is to judge the money performance of geographic region full service bank by perceptive totally different variables, ratios and measures, the impact of deposits and advances on the profitableness of PNB's past 5 years performance ends up in order to enhance its banking business.

### **Scope of the Study**

This study is undertaken to live the money performance of geographic region full service bank. The study can give details regarding the expansion of deposits and advances, profitableness analysis of PNB. it's hoped that the results of this study can propose policy measures for the higher performance of this bank so as to realize the money goals along side client satisfaction.

### **Objectives of Study**

The main objectives of the study area unit as follows:

- ❖ To examine the profitableness position of PNB
- ❖ To examine the business performance of PNB.
- ❖ To live the impact of deposits and advances on the profitableness of the bank.
- ❖ To provide findings and suggestions to boost the money performance of PNB.

### **Hypotheses of the Study**

The hypotheses of the study area unit as follows:

- H01: there's no vital impact of total deposit on profits of geographic region full service bank.
- H02: there's no vital impact of total advances on profits of geographic region full service bank.

### **Significance of the Study**

The most purpose of this study is to look at the money performance of geographic region full service bank for investment and finance and to enhance the bank's operations and technology. Since the study revolves around one among the favored problems with current business situation, the subsequent area unit the expected significances:

- ❖ To give associate insight into the analysis method of the banking sector.
- ❖ To initiate the involved banking organization to evaluate existing practices and place a revived stress on undermined ones.
- ❖ To initiate interested researchers to hold out a lot of intensive studies during this specific space.
- ❖ To acknowledge the importance of economic performance generally and therefore the Indian banking sector especially and,
- ❖ To draw attention towards the money performance and money ratios and contribution for proper deciding.

### **Methodology**

Within the gift study, an effort has created to judge the money performance of geographic region full service bank. Nature of the Study: the current analysis could be a case study in nature supported the second largest public sector bank of Republic of India i.e. geographic region full

service bank. Nature of Data: The secondary knowledge has been thought of for the aim of economic performance analysis of geographic region full service bank. Sources of Data: the information used for the current study has been taken from revealed annual reports of geographic region full service bank. Different relevant knowledge sources area unit journals, newspapers, magazines and net sources. Tenure of the Study: the current study is conducted for the amount of 5 years starting from 2015-16 to 2016- 2019. Variables used for the Study: The variables used for the study area unit total deposits, total advances, total business, total assets, capital and profits. Tools used for the Study: ratios, descriptive statistics and multivariate analysis are thought of for the analysis purpose.

### **CONCLUDING REMARKS**

This study examines the impact on the financial performance of geographic area banking concern that was taken as a sample for the aim of analysis of economic performance. Internet was taken as dependent variables whereas total deposits and total advances were taken as freelance variables. Results showed that the profit of the bank was powerfully and negatively influenced by the deposits and advances. On the smart dimension, this study is beneficial for bankers and managers in their deciding to reinforce the financial performance and formulate policies which will promote effective financial system. The study in addition recommends measures which may be adopted by bank to form certain soundness in its operations. The expected contributions of this study to the management at intervals the sector of banking is same to be that: this study might facilitate decision makers to pay extra attention on the foremost necessary banking activities which will facilitate in increasing the financial performance position and ranking of the bank as compared to completely different banks. The financial data of this study conjointly can facilitate the management in fixing place plans and financial ways. From AN educational purpose of scan, this analysis provides a current perspective in evaluating the financial performance of leading business banks conjointly as a result of the finding of this study is extra to the current literature and it'll facilitate researchers in their future studies.

### **REFERENCES**

1. Abdulrahman, T.Q. and Mushtaq M.S. (2011). Evaluating the Performance of Islamic Banks By Using Financial Analysis Composite: A Comparative Study of the Iraqi Islamic

- Bank Performance with the Jordan Islamic Bank for the Period (2000-2008). *Journal of Kerkuk University for Administrative and Economic Sciences*, 2(1), 152-171.
2. Almumani, M.A. (2014). A comparison of financial performance of Saudi banks (2007-2011). *Asian Journal of Research in Banking and Finance*, 4(2), 200-213.
  3. Alsamaree, A.H. (2013). Financial ratios and the performance of banks. *Journal of Research in International Business and Management*, 3(1), 17-19.
  4. Amel, D., Barnes, C., Panetta, F. and Salleo, C. (2004). Consolidation and efficiency in the financial sector: a review of the international evidence, *Journal of Banking & Finance*, 28, 2493-2519.
  5. Azam, M. and Siddiqoui, S. (2012). Domestic and foreign banks profitability: Differences and Their Determinants. *International Journal of Economics and Financial* 2(1), 33-40.
  6. Baltagi, B.H. (2005). *Econometric analysis of panel data*. John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex.
  7. Bashir, A.H.M., (1999). Risk and profitability measures in Islamic banks: the case of two Sudanese banks, *Islamic Economic Studies* 6, 1–24.
  8. Bendeck, Y.M. and Waller, E.R. (2007). Bank acquisition announcements and intra-industry effects. *Journal of Business and Economics Research*, 5(7), 15-22.
  9. Chien T. and Danw S.Z., (2014). Performance measurement of Taiwan commercial banks, *International Journal of Productivity and Performance management*, 53(5), 425-434.
  10. Elizabeth D. and Elliot G. (2004). Efficiency, customer service and financial performance among Australian financial institutions. *International Journal of Bank marketing*, 22(5), 319-342.
  11. Imazari, Ahmed Arif. (2011) Financial Performance Evaluation of Some Selected Jordanian Commercial Banks. *International Research Journal of Finance and Economics*. Issue 68, pp:50-63.
  12. Kemal, M. U. (2011). Post-merger profitability: a case of royal bank of Scotland (RBS). *International Journal of Business and Social Science*, 2(5).
  13. Knapp, M., Gart, M. and Chaudhry, M. (2006). The impact of mean reversion of bank profitability on post-merger performance in the banking industry, *Journal of Banking and Finance*, 30, 3503-3517. [14]. Malhotra, P. K. (2013). Performance Appraisal of Indian Public Sector Banks. *World Journal of Social Sciences*, 3(3).

14. Mazhar M. I. (2003). Development and performance of domestic and foreign banks in GCC countries. *Managerial Finance*, 29(2),

## CONCLUSION

This study aimed to live the monetary performance of geographical area commercial bank from 2011-12 to 2015-16. Geographical area commercial bank could be a major public sector bank of Asian nation that plays a crucial role within the development of Indian national economy. The monetary viability of the banking industry is definitely essential; not solely to instill public confidence however additionally to create banks capable of discharging their social responsibilities. The monetary performance of the bank is analyzed mistreatment totally different parameters. The geographical area commercial bank of Asian nation is during a position to follow the principles of the govt. for the social and economic development of the country. The bank has performed well on the sources of rate and monetary potency throughout the study amount. It plays a significant role in selling of recent style of deposits and advances schemes. However, the bank, by earning a minimum of a nominal profit, ought to serve the economy through extension of advances and safeguard the interest of its investors by providing the expected come back on their investment in bank. Therefore, the bank should re-orient its methods within the light-weight of own strengths and therefore the quite market within which it's doubtless to control on. Since the banking sector reforms are set in motion, the profitableness became the meaninglessness and therefore the first cause of the monetary strength and performance of bank. This study examines the impact on the monetary performance of geographical area commercial bank that was taken as a sample for the aim of research of economic performance. Net was taken as dependent variables whereas total deposits and total advances were taken as freelance variables. Results showed that the profitableness of the bank was powerfully and negatively influenced by the deposits and advances. On the sensible dimension, this study is useful for bankers and managers in their deciding to enhance the monetary performance and formulate policies that may promote effective national economy. The study additionally recommends measures that might be adopted by bank to make sure soundness in its operations. The expected contributions of this study to the management within the field of banking is same to be that: this study could facilitate call manufacturers to pay additional attention on the most important banking activities that will

facilitate in increasing the monetary performance position and ranking of the bank as compared to different banks. The monetary info of this study also will facilitate the management in putting in place plans and monetary methods. From an instructional purpose of read, this analysis provides a brand new perspective in evaluating the monetary performance of leading business banks also because the finding of this study is additional to this literature and it will facilitate researchers in their future studies.

Suggestions