A Comparative Study Of Financial Performance of canara Bank and Union Bank Of India

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Abstract: Budgetary and Banking areas are known as backbone of the any economy.the improvement of the economy and budgetary areas prompts the financial specialist to find out about the examination of the financial area and to make vital stride on their speculation by contrasting and assessing the benefits of the financial areas. The primary goal of the investigation is to feature the hypothetical foundation and profile of chosen banks in india and to inspect the capital ampleness proportion execution of canara bank and union bank also to contemplate the degree of net NPAs of both banks. The motivation behind this examination is to think about the monetory examination of these two banks between the year 2015-16 to 2019-2020. quantitative analysis was under taken to guage the monitory execution of the bank. Alongside each banks financial performance is analyzed by using various statistical tools like mean,median, co-variance and stranded deviation.

Key words: Financial performance, Budgetory areas, capital adequacy, efficiency of bank,

1. INTRODUCTION

In the ongoing period budgetary organization had indicated the exceptional improvement in their execution. a compelling society is continually relying upon bank execution. Changes in financial area intends to improve the banks productivity and suitability. In such cases this is important to asses the performance of banking area.Reserve bank of India. Has found a way to improve the financial position by introducing digitization idea. The banking sector is the lifeline of any modern economy. It is one of the important financial pillars of the financial sector, which plays a vital role in the functioning of an economy. It is very important for economic development of a country that financing requirements of trade, industry and agriculture are met with higher degree of commitment and responsibility. Thus development of country is integrally linked with the development of banking sector. Economic environment of many countries has been changed after the

global financial crisis. Financial structure in the whole world has been also changed due to slow down. Banking sector is also negatively affected by this crisis. Banking sector is the main component of financial sector; hence measuring the performance of banking institution has become a major task of all economies. The functioning of this sector has changed upside down in India also. To evaluate the efficiency of Indian bank, their financial performance should be assessed.so it is important to examine whether the performance of banks has improved or not after the crisis. Such information can provide useful guidance to policymakers about understanding the efficiency of banking sector in India. Money related execution shows the existing monetary foundation towards the end of the year. This data mirrors the banks NPAs, rate of profitability and gain-fullness of the business.assessment of monetary execution serves to measures the general money related states of the organization over a given time frame. Budgetary investigation is a cycle of recognizing the budgetary quality and shortcoming of banking area. It helps to demonstrate the positive and negative state of the financial area.

INTRODUCTION OF CANARA BANK

Canara Bank is one of the leading public sector banks in India. It was established in the year 1906 by Ammembal Subba Rao Pai. Now the bank had a 6,639 brances and 10,600 ATMs across India. The bank emerges as a " prefered Bank" by pursuing global benchmarks in profitability, operational efficiency, asset quality etc. The bank has gone through various phases of its growth trajectory over hundred years of its existence. Outside india bank has offices in London, New york and dubai etc. Canara bank offers a host of banking and value added services to its customers, which include personal banking services, corporate banking services, NRI banking services and priority & credit services.

UNION BANK OF INDIA

It is one of the largest government-owned bank of India. The bank own 63.44% of its share capital. It is listed on the Forbes 2000 and has assets of USD 13.45 billion. All the banks branches have been networked with its 6909 ATMs and 4214 branches throughout India. The union bank of India was registered on 11 November 1919 as a limited company in Mumbai. After independence, the growth is accelerated and by the time Indian government nationalized it in 1969, it had 240 branches. Union bank began its international expansion in 2007 with the opening of representative offices in Abu Dhabi, united Arab Emirates and shanghai in peoples republic of china. At present, the offshore banking operations of union bank of india are led by its branches in Hong Kong and newly opened branch in Dubai at Dubai International Financial Centre.

2. REVIEW OF LITERATURE

Jha and Hui (2018) conducted a study on compared the financial performance of different banks in Nepal using camel framework. The examination included year from 2010 to 2020 to survey the monetary examination of the eighteen business banks in Nepal. The examination depends primarily on the graphic monetary investigation to measure, analyze and characterize the money related circumstances. They utilized

multivariate relapse model to test the centrality of the factor utilized. At last they found that return on Asset (ROA) of public area banks were higher than those of joint endeavor and homegrown public banks.

Sharma (2017) endeavors an examination on similar investigation of money related execution of partner bank & canara bank. He analyzed that budget summary is important in light of the fact that it helps in analyzing the monitory situation based on past and current records. Investigation of fiscal report helps in settling on the future choice and techniques. Monetary examination and control has now become a significant method of credit evaluation.

Singh (2016) examines an investigation on money related execution; A near examination study of PNB And HDFC bank. his investigation shows PNB face the issues related with salary. In his research it was found that the monitory control of HDFC Bank is superior to PNB.

Jayawardhana (2016), conducted a study on financial performance of Adidas, he studied financial performance by using horizontal analysis, vertical analysis, trend analysis and mainly ratio analysis to suggest improvement to increase flow of finance, improve dividend and reduce liabilities. His study is based on 2015 and 2016 financial years which are ending on 31 st of December in every year. The latest performance being compared with company's statement over the last five years. Starting 2017 for showing trends.finally, his recommendations and suggestions have been made to ensure the revenue of the company and reduce the liabilities while improving the stability of the company.

3. OBJECTIVES OF THE STUDY

The major objectives of the study are as follows;

I) To highlight the theoretical background and profile of selected banks

II) To examine the capital adequacy ratio, gross and net NPAs and profitability ratios of canara Bank and Union Bank

III) To offer findings and suggestions in the light of the study.

4. RESEARCH METHODOLOGY

This research is based on secondary data. The data were collected from the selected bank bulletin, published data, annual report, website, magazine, journals etc. To evaluate the financial performance of canara bank and union bank study adopted to measure the capital adequacy ratio, gross NPAs, net NPAs, return on Average Assets, Earning per share, Return on Equity with the statistical tools used are arithmetic mean, covariance, standard deviation etc. this study includes 5 years analysis from 2015-2020. the present study covers two important banks one is canara bank and another is union bank as a sample.

5. DATA ANALYSIS AND INTERPRETATION

Table 1: Capital Adequacy Ratio

Capital Adequacy Ratio			Tier I Capital Ratio		Tier II Capital Ratio	
year	Canara bank	Union Bank	Canara bank	Union Bank	Canara bank	Union Bank
2015-16	11.80	11.14	8.8	8.23	2.28	2.91
2016-17	12.86	12.91	9.77	8.13	3.90	3.56
2017-18	12.4	10.34	10.5	7.6	2.45	2.53
2018-19	10.35	12.87	9.6	8.23	2.65	2.91
2019-20	12.86	11.45	9.65	9.35	3.09	4.63
Mean	13.45	13.67	9.32	9.67	3.70	4.67
Standard deviation	1.32	0.45	0.90	0.54	0.40	0.56
variance	1.67	0.70	0.96	0.51	0.19	0.17

(Source: Annual reports of canara and union bank)

Capital Adequacy Ratio = (tier I capital + Tier II Capital) / Risk weighted capital.

From the above table, the highest mean were found in capital adequacy ratio, tier I and tier II capital ratio category around 13.67, 9.67 and 4.67 respectively. In the context highest standard deviation were found in capital adequacy ratio, tier I and tier II capital ratio category around 1.06,0.97 and 0.34 respectively.

Table No.2 Gross and Net NPA

year	Gross NPA		Net NPA	
	Canara bank	Union bank	Canara bank	Union bank
2015-16	9.4	8.7	6.42	5.25
2016-17	9.63	11.17	6.33	6.57
2017-18	9.74	10.36	2.65	4.71
2018-19	9.9	10.4	4.5	6.6
2019-20	10.5	10.90	8.44	6.8
Mean	5.89	7.45	4.81	4.69
Standard deviation	4.56	4.4	3.62	3.76
variance	12.11	10.34	6.7	6.26

From the above table highest mean were found in gross and net NPAs category around 7.45 and 4.81 respectively. In the context of highest standard deviation were found in gross and NPAs category around 4.4 and 3.62 respectively.

Table No.3 : profitability ratios of banks

	Return on Asset		Return on Equity	
year	Canara bank	Union bank	Canara bank	Union bank
2015-16	0.52	0.35	10.69	6.84
2016-17	0.2	0.13	4.15	2.91
2017-18	0.55	0.49	11.06	9.73
2018-19	0.45	0.45	0.70	6.56
2019-20	0.34	0.36	5.65	3.45
Mean	0.46	0.63	5.76	9.45
Standard deviation	0.71	0.24	11.9	4.88
variance	0.40	0.16	9.34	16.8

(Source: Annual reports of canara and union bank)

From the above table, in the category of ROA and ROE the highest mean were found around 0.63 and 9.45 respectively. Highest standard deviation were found 0.71 and 11.09 respectively.

Table No. 4 : Earning per share

Earning per share		
year	Canara bank	Union bank
2015-16	53.61	20.4
2016-17	20.63	8.1
2017-18	58.59	28.1
2018-19	60.45	20.50
2019-20	45.65	19.56
Mean	56.72	40.67
Standard deviation	19.49	11.87
variance	16.76	19.78

(Source: Annual reports of canara and union bank)

6. FINDINGS OF THE STUDY

The following are the major findings of the study

I. The CAR ratio performance of both the banks shows increasing trend was recorded 11.80% to 12.86% and 11.14% to 11.45% in 2015-16 to 2019-20 respectively.

II. In the context of canaraq banks gross and net NPAs shows increasing trend that is 9.4% to 10.5% and 6.33% to 8.45% in 2015-16 to 2019-20 respectively.

III. Union banks gross and net NPAs shows increasing trend from 8.72% to 10.2% and 5.68% to 6.8% Respectively.

IV. ROA and ROE of Canara bank shows decreasing trend, that is 0.35% and 0.36% and 6.84% and 3.45% in 2015-16 to 2019-20.

V. Union Banks ROA and ROE shows decreasing trend from 0.79% to 0.13% and 13.68% to 2.19% 2015-16 to 2019-20 respectively.

VI. In the context of canara banks EPS shows decreasing trend was recorded 53.61% and 45.65% and in 2015-16 to 2019-20 resp.

VII. The highest and lowest EPS was recorded 20.4% and 19.56% in 2015-16 to 2019-2020

VIII. From the view point of statistical analysis, the highest mean and standard deviation were found in earning per share category around 28.98 and 19.25 resp.

7. CONCLUSION

The main aim of this research paper is to analyze the financial performance as well as compare the performance between canara bank and union bank for the period 2015-16 to 2019-20 that is for 5 years. This information is used to measure the profitability of the bank.

As per the study canara bank should concentrate to control NPA. The canara bank is in a stronger position than Union Bank. The weakness of both bank can convert into opportunities to meet the competition. It is concluded that above data indicates financial performance of canara bank is good as compared to the Union Bank of India.

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