"PERFORMANCE EVALUATION OF SELECTED PUBLIC SECTOR BANK IN INDIA"

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ABSTRACT:

The study desinged to know the financial ferformance of the public sector bank. The Variable on the perfromance and profitability considering 15 observations of 26 banks during 2012 to 2017. The invesigation process consider 26 banks out of 7 bank in this research paper. In this study measuring variable of banking sector namely deposits,advances,investment, total assets, net NPA, interest income, total income, operating expenses, operating profit, provision & contigencies, net profit and other income while measuring the profitability. Here, for the purpose of analysis seven public sector bank are selected as a sample. These seven banks are the top constituents by highes deposits. The data is collected for the period of five years. Various statistical tools used like trend analysis and ANOVA to analyze the data. This study concludes that there is no significant differnce between this seven banks on that financial perfromance and profitability.

INTRODUCTION

A bank is a financial institution that provides banking services and other financial services to its customers. A bank is generally understood as an institution that provides fundamental banking services, such as the acceptance of deposits and the granting of loans. There are also non-bank institutions that provide certain banking services without respecting the legal definition of a bank. The bank is a subset of the financial services sector.Banks are the main participants in the financial system in India. The banking sector offers services and opportunities to its customers. All banks safeguard money and value and provide loans, credit services and payments, such as current accounts, money orders and cashier's checks. Banks also offer investment and insurance products, as a variety of cooperation and integration models have emerged between financial industries. Some of the traditional distinctions between banks, insurance companies and securities companies have decreased. Despite these changes, the banks continue to maintain and perform their main function by accepting deposits and loan funds from these deposits.

LITERATURE REVIEW

1.Manish Mittal and Arunna Dhademde (2005)found that greater profitability is thethe only important parameter to assess the performance of the banking sector from the point of view of the shareholdersto see. It is up to the banks to achieve a balance between commercial and social objectives. Theynoted that public

sector banks are less profitable than private sector banks. Foreign banks are leading the wayListed in terms of net profitability.

2.Medhat Tarawneh (2006) Financial performance is a variable dependent and measured byReturn on assets (ROA) and the size of the income by intention. Independent variables have the size ofbanks measured by the total assets of banks, asset management measured by the use of assetsoperational quotient (operating profit divided by total assets) measured by the transactionEfficiency ratio (total operating expenses divided by net profit)

3.Dangwal and Kapoor (2010) He has also undertaken the study on the financial performance ofnationalized banks in India and assessed the value of the growth index of various parameters throughIndices of global profitability. They found out that ofthe 19 banks, four banks had excellent banksperformance, five banks performed well and six banks misbehaved. Therefore, theThe performance of nationalized banks differs widely.

4.Jha DK and D S Sarangi (2011)the financial performance of seven public sectors and Private sector banks during the 2009-10 period. They used three sets of operational reportsPerformance report, financial report and efficiency ratio. The study revealed that the Axis bank was insidethe upper part of these banks followed by ICICI, BOT, PNB, SBI, IDBI and HDFC.

5.Vasant Desai (2013) The performance of a bank can be assessed in its broad dimension.verbigracia. Business development, customer service and cleanliness. The resources of a branch they are labor, local, planning, system procedure, organizational structure and general administration. The efficiency of a branch would be measured to the extent that it existsbalanced between three parameters.

6.Alpesh Gajera (2015)in his research article an assessment of private sector financial performanceand public sector banks found a significant difference in financial performance. These banks and private sector banks perform better than those in the public sectorof the capital adequacy ratio and financial performance.

OBJECTIVE OF THE STUDY:

1. To understand the growth of banking sector in India.
2. To evaluate the financial position of selected public sector bank in India.

RESEARCH DESIGN:

Research design is the conceptual structure within which research is conducted; It is the plan for data collection, measurement and analysis. Therefore, the project includes a summary of what the research will do from the drafting of the hypothesis and its operational implications to the final analysis of the data, so that the research design can be defined as a plan and strategy structure of a investigation to find alternative tools to solve the problem and minimize variations.

POPULATION OF THE STUDY:

The population of the study is all types of banking institutions of India.

SAMPLE OF THE STUDY:

The researcher used multi-stage sampling techniques. The first researcher took the list of banking institutions and then the researcher has a public sector bank and a third for the public sector bank decided to study. Finally, seven banks of public sector banks were selected on the basis of the highest deposits. The sample unit selected by the population is the following:

Sr. No.	Public Sector Bank
1.	Bank of Baroda
2.	Bank of India
3.	Punjab National Bank
4.	Canara Bank
5.	Union Bank
6.	Indian Overseas Bank
7.	Oriental Bank of Commerce

(Source: http://business.mapsofindia.com/banks-in-india)

PERIOD OF THE STUDY:

A longer period could have been even better, but due to time and resource constraints, the last five-year period was taken for this study. This study covers the five-year period, ie from 2012-13 to 2016-17. This period is selected for the study because complete data is available for the entire period. Therefore, the period is considered adequate for the study.

SOURCE OF DATA:

This study is based exclusively on secondary data taken from the published annual reports of the selected banks. Other information relating to banks and studies was taken from official websites, specialized magazines, magazines, newspapers, banking sector magazines, doctoral theses, periodicals and online sources.

FRAMEWORK OF ANALYSIS:

The objective of the study is to anyalze the financial performace of the public sector bank in India. For the measuring the financial performance researcher has used the various accouting tools like Trend analysis, Mean and ANOVA to measure the profitability of the selected public sector in India. The researcher has ussed for the analysis for the financial performance of bank Deposits, Advances, Total Assets and othe accounting Ratio like Gross profit ration, Net profit Ratio.

ANALYSIS AND INTERPRETATION:

Here, three stastical tools – Trend Analysis, Mean and ANOVA used for the analyze the data.

1.DEPOSITS

The deposit itself is a liability that the bank owes to the depositor, and the word refers to this responsibility instead of the actual funds that have been deposited. When someone opens a bank account and makes a cash deposit, he gives the legal title to the money and becomes a resource of the bank. In turn, the account is a responsibility for the bank.

**Table No. 1.1 Deposits of selected Public Sector Bank (In Crore)**

Year	BOB	BOI	PNB	CANARA BANK	UNION BANK	IOB	OBC
2012	384871	318216	379588	327053	222868	178434	155964
2013	473883	381840	391560	355856	263761	202135	175897
2014	568894	476974	451397	420723	297675	227976	193488
2015	617559	531907	501379	473840	316869	246048	204009
2016	547038	513004	553051	479792	342720	224514	208914
2017	601675	540322	621704	495275	378391	211342	219339
MEAN	536820	460329	483113	425423	303714	215075	192935

(Source : www.moneycontrol.com)

Table No. 1.2 Deposits pecentage change over the year

YEAR	BOB	BOI	PNB	CANARABANK	UNION BANK	IOB	OBC
2012-13	123.13	119.99	103.15	108.81	118.35	113.28	112.78
2013-14	120.05	124.91	115.28	118.23	112.86	112.78	110
2014-15	108.55	111.52	111.07	112.63	106.45	107.93	105.44
2015-16	92.95	96.44	110.31	101.26	108.16	91.25	102.4
2016-17	104.81	105.27	112.41	103.23	110.41	94.13	104.99
Mean	109.89	111.63	110.44	108.83	111.25	103.88	107.12s

Figure 1.1: Mean of Deposits
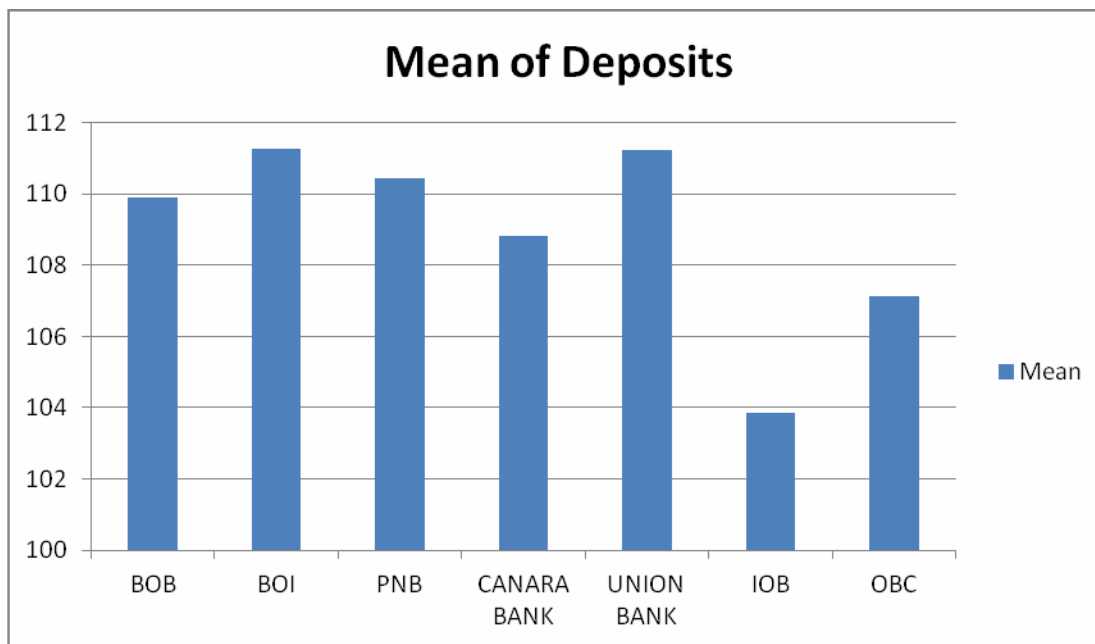
Above graph shows that for the 7 Public sector bank average deposits respectively. The data was 5 years. Bank of India having the highest average deposits of 5 year is 111.63 compare to other bank and Indian Overseas Bank is having the lowest average deposits of 5 year is 103.87 compare to other bank.

Hypothesis Testing:

H0 = There is no significant difference between the trends of deposits in the selected public sector banks during the period of study inIndia.

H1 = There is significant difference between the trends of deposits in the selected public sector banks during the period of study inIndia.

TABLE NO. 1.3 CALCULATION OF ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	223.3133	6	37.2188	**0.53**	**0.78**	**2.44**
Within Groups	1977.679	28	70.6313			
Total	2200.992	34				

Here the calculated value is 0.52 and table value is 2.44. I.e. the calculated value is less than the table value so Null Hypothesis is accepted at 5% level of significant and degree of freedom is 6,28 which indicates that deposits trends in the selected public sector bank observe same or common Patten of deposit.

TABLE NO. 1.4 PARTICULAR VARIABLE RESULTS

Sr. No.	Variables	Calculated Value	Table Value	Rejected/Fail to reject
1.	Deposits trend of selected public sectorbank.	0.52	2.44	H_0 is Fail to reject
2.	Investment trend of selected public sector bank.	0.37	2.44	H_0 is Fail to reject
3.	Advances trend of selected public sectorbank.	0.52	2.44	H_0 is Fail to reject
4.	Total Assets trend of selected public sector bank.	0.41	2.44	H_0 is Fail to reject
5.	Gross NPA trend of selected public sectorbank.	0.15	2.44	H_0 is Fail to reject
6.	Net NPA trend of selected public sector bank.	0.24	2.44	H_0 is Fail to reject
7.	Interest Income trend of selected public sector bank.	0.34	2.44	H_0 is Fail to reject
8.	Other Income trend of selected public sector bank.	0.07	2.44	H_0 is Fail to reject
9.	Total Income trend of selected public sector bank.	0.42	2.44	H_0 is Fail to reject
10.	Interest Expended trendof selected public sectorbank.	0.31	2.44	H_0 is Fail to reject
11.	Operating Expenses trendof selected public sectorbank.	0.40	2.44	H_0 is Fail to reject
12.	Total Expenditure trend of selected public sector bank	0.17	2.44	H_0 is Fail to reject
13.	Operating Profit trend of selected public sector bank.	0.15	2.44	H_0 is Fail to reject
14.	Provision & Contingences trend of selected public sector bank.	0.10	2.44	H_0 is Fail to reject
15.	Net Profit trend of selected public sector bank.	0.80	2.44	H_0 is Fail to reject

CONCLUSION:

The financial performance of the selected seven public sector banks is analyzed using different parameters.The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period.The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes.However, these banks, by earning at least a nominal profit, have to serve the economy through extension of advances and safeguard the interest of their investors by providing the expected return on their investment in banks.These forces the public sector banks not only to increase their earnings but also to create surplus out of their banking activities.

LIMITATATION OF THE STUDY:

1. The study is limited to only five yearsperiod.

2. The study is limited to the published secondary data of annual report ofRBI.

3. It is assumed that the selected banks under study have given much emphasis on creation of money and profits by leading loans and receivingdeposits.

4. While selecting the public and private sector bank for research purpose focus has been given on the basis of the availability of requisite information needs of conducting theresearch.

SUGEESTIONS FOR FURTHER RESEARCH:

The scope of the present study is limited to the evaluation of the selected public sector banks using various segments. The study covers only seven banks based on various variables like deposits, investment etc…
1. There is scope to research in other public sector and private sectorbanks.

2. There is scope to study all groups of banks like nationalized bank, private banks andRRBs.
3. Present study is contained small sample size of seven banks only; it can be extended to large samplesize.
4. The same study can be done in future with more study period i.e. 8 years, 10 yearsetc.

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