

A STUDY ON THE FINANCIAL PERFORMANCE OF CORPORATION BANK LTD.

DR.K.BRINDHA*

Ms.C.M.SATHYASREE**

* Assistant Professor, Head of the Department, Department of Commerce with PA,
Dr SNS Rajalakshmi College of Arts and Science, Coimbatore

** Ph.D Research Scholar (Part Time), Department of Commerce with PA,
Dr SNS Rajalakshmi College of Arts and Science, Coimbatore

ABSTRACT

Corporation Bank came into being as Canara Banking Corporation (Udipi) Limited, on 12th March, 1906, in the temple town of Udipi, by the pioneering efforts of a group of visionaries. The Bank started functioning with just Rs.5000/- as its capital and at the end of the first day, the resources stood at 30 Rupee – 13 Annas-2 Pies.

The content of the first Appeal to the public dated 19th February, 1906 speaks volume about the lofty ideals and ethos behind the foundation. The Founder President Haji Abdullah declared that, "The Primary object in forming 'Corporation' is not only to cultivate habits of thrift amongst all classes of people, without distinction of caste or creed, but also habits of co-operation amongst all classes".

As on 30th September 2017, the Total Business of the Bank was Rs.3,29,300 crore. The Total Deposit stood at Rs.2,01,488 crore and the Total Advances were at Rs.1,27,812 crore. The Net worth rose to Rs.11,737 crore.

Presently, the Bank has a network of 2501 fully automated CBS branches, 3169 ATMs and 4724 Branchless Banking Units across the country. The Bank has Representative Offices at Dubai and at Hong Kong.

The Bank has extended Branchless Banking units to 4724 villages and has issued Smart Cards to all account holders in these villages for enabling them to operate their accounts at their doorsteps through the Business Correspondents appointed by the Bank.

The overall performance of the Corporation Bank in the year 2016-2017 was encouraging in spite of several countries continuing to be risk prone, necessitating a cautions under writing policy, but in the following years, the drastic slow down in Indian exports had a direct impact on the business of the corporation.

It is earnestly hoped that, Government of India would take all the necessary steps to strengthen the business of the Corporation Bank, without which it will be difficult to play its designed developmental role.

CHAPTER - I

1.1 INTRODUCTION

Corporation Bank came into being as Canara Banking Corporation (Udipi) Limited, on 12th March, 1906, in the temple town of Udipi, by the pioneering efforts of a group of visionaries. The Bank started functioning with just Rs.5000/- as its capital and at the end of the first day, the resources stood at 30 Rupee – 13 Annas-2 Pies.

The Founder President Khan Bahadur Haji Abdullah Haji Kasim Saheb Bahadur, committed to fulfill the long felt banking needs of the people and also to inculcate the habit of savings, provided the much-needed impetus to founding a financial institution that would bring about prosperity to the society.

The content of the first Appeal to the public dated 19th February, 1906 speaks volume about the lofty ideals and ethos behind the foundation. The Founder President Haji Abdullah declared that, "The Primary object in forming 'Corporation' is not only to cultivate habits of thrift amongst all classes of people, without distinction of caste or creed, but also habits of co-operation amongst all classes".

The initial growth was consciously cautious and need based. The first branch of the Bank was opened at Kundapur in 1923, followed by the second in Mangalore in 1926. The Bank stepped into the then Coorg State in 1934 by opening its seventh branch at Madikeri. In 1937 the Bank was included in the

second schedule of Reserve Bank of India Act, 1934. The Bank took on the priorities of nationalization in full stride and emerged successful in fulfilling the national objectives, while sustaining its performance oriented culture and profit augmenting record. Amidst all this, the Bank crossed Rs.1000 crores-deposit mark in the year 1985 and launched into the 1990s with focus on high quality growth by embracing newer technology.

The end of first phase of banking sector reforms in India had seen the Bank emerging as the most innovative and dynamic bank in the public sector, outshining other banks in terms of asset quality, capital adequacy, operational efficiency, well diversified income base, profitability, productivity and strong balance sheet.

As on 30th September 2017, the Total Business of the Bank was Rs.3,29,300 crore. The Total Deposit stood at Rs.2,01,488 crore and the Total Advances were at Rs.1,27,812 crore. The Networth rose to Rs.11,737 crore.

Presently, the Bank has a network of 2501 fully automated CBS branches, 3169 ATMs and 4724 Branchless Banking Units across the country. The Bank has Representative Offices at Dubai and at Hong Kong.

The Bank has extended Branchless Banking units to 4724 villages and has issued Smart Cards to all account holders in these villages for enabling them to operate their accounts at their doorsteps through the Business Correspondents appointed by the Bank.

1.2 PROBLEMS OF THE STUDY

It is neither possible nor indeed to provide in a study like this frame work for management control system of Corporation Bank Ltd., one of the important ingredients of the control system is to find out the overall financial performance of the bank and what rate of growth to move upon for development of better performance. In addition to various problems confronting the banking system as whole, there are certain problems which are unique to individual branches.

It is high time to analyze the financial performance of the bank to find out how the bank has fulfilled the aroused hope of public in general and weaker sections of the society in particular. Thus the need for a study that would make an overall appraisal of what Corporation Bank have done in respecting during the recent past and it suggest how best the bank can make more effective contribution in achieving the objectives of economic development with social justice.

1.3 OBJECTIVES OF THE STUDY

1. To know about the financial performance of Corporation Bank Ltd from the period of 2012 to 2017.
2. To study the present position of profitability of Corporation bank Ltd.

1.4 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically.

- **Research Design** - Research design is the basic plan which guides to collect relevant information accurately and economically for objectives set up for the research.
- **Source of Data** - The data was collected from the basis of secondary sources. The secondary data has been collected from various sources such as various reports of the coir board, coir statistics, and coir export review etc.
- **Period of the Study** - The study covers the period of 2012 to 2017, which encompasses a time span of 5 years.
- **Tools of Analysis** - An analysis of the export of coir and coir products was done for the period 2012 and 2017. It is carried out in two ways...
 - Mean
 - Standard Deviation and
 - Coefficient of variation

1.5 LIMITATIONS OF THE STUDY

The study has the following in evadable limitations

- The analysis is done on the available secondary data acquired from various publication of the coir board.
- To analyze the performance of the Corporation Bank Ltd researcher gathered the data from selective periods, this may not be enough to describe the whole banking sector.

CHAPTER – II REVIEW OF LITERATURE

1. **Ramesh (2011)** studied about that the financial condition of the Corporation bank in Tamilnadu. The study has dealt with production and sale value addition and share probabilities, the sources use of funds and management of working capital. The study has been conducted with four classifications of the financial products market.
2. **Prabhavathi (2013)** in her study on the Debt equity ratio of Corporation Banks financial status selected a sample of 10 branches consisting of financial products in and around Salem. According to the researchers the Debt Equity ratio of Corporation Bank Products during the period of 2008-2009 to 2012 to 2013.
3. **Pragadeesh (2014)** in here article financial crisis in Corporation Banks: A case study of Corporation Bank Ltd. Tamilnadu analysis the effectiveness of utilization of funds both owned and borrowed capital and analysis working capital and production.
4. **Sunil Article (2015)** entitled Corporation banks shows negative growth in first quarter of 2015 has analysis the performance of Corporation Banks both in India and Bangladesh is comparison also made with regard to cost and other aspects in USA, UK and Srilanka etc..
5. **Rose belin (2016)** The Corporation banks showed a consistent increase in the average debt-equity ratio during 2010- 2011 to 2015-2016 from 0.64 to 0.98. The study identified seven factors such as Technology, capital size of labour cost. A detailed analysis assts, Profitability retained earnings. Fixed assets, Working capital and was made for each influencing factor.

CHAPTER - III ANALYSIS AND INTERPRETATION

Analysis and interpretation are central steps in the research process. The goal of analysis is to summarise the collected data. Interpretation is the search for the broader meanings of research findings. Interpretation aims to establish the continuity in research work and it also leads to the establishments of various new concepts. Analysis is not complete without interpretation and interpretation cannot proceed without analysis.

The objectives were answered using the following tools:

- Mean
- Standard Deviation and
- Coefficient of variation

The results are given in the following tables separately for the business covered, premium income, claims paid and the recoveries made.

TABLE NO – 4.1
VALUE OF CORPORATION BANK COVERED UNDER VARIOUS SCHEMES

(Rs. In crores)

Year	Standard Policies & Transfer Guarantees	Policies project and Term Loans	Guarantees Short Term Loans	Guarantees Project and Term Loans	Factoring
2007-2008	20287.00	1184.00	144716.00	327.00	0.00
2008-2009	22972.00	1551.00	141365.00	843.00	0.00

2009-2010	23139.00	1815.00	148088.00	493.00	0.00
2010-2011	24633.00	574.00	158962.00	323.00	0.00
2011-2012	23530.00	360.00	157274.00	744.00	0.00
2012-2013	26411.00	737.00	237084.00	699.00	47.00
2013-2014	28117.00	1720.00	296870.00	1088.00	223.00
2014-2015	35695.59	1341.06	311913.73	1408.47	291.42
2015-2016	37421.57	1510.14	396865.33	1917.22	168.62
2016-2017	50420.60	1228.74	375260.82	1846.21	84.43
Total	292626.76	12293.00	2368398.88	9688.90	814.47
Mean	29262.676	12293.3	236839.888	968.890	
S.D	83283.15	3498.64	4543.0	2757.50	
C.V	28.06	24.42	10.19	21.56	

* S.D-Standard Deviation, C.V-Cumulative Variance

It is understand from the above table that value of finance covered under standard policies and transfer guarantees was Rs.20,287 crores in the year 2009-2010 and its percentage share was 6.93. In the next following three years the value of business covered had an increasing trend. In the year 2016-2017 it amounted to Rs.50,420.60 crores by having a percentage of shares was 17.23 standard deviation showed an amount of Rs.83,283.14 crores. The co-efficient of variation is 28.06% during the period of the study.

Business covered under policies to project and term loans were amounted to Rs.1184 crores in the year 2006-2007 and its percentage share was 9.63. The business covered in the year 2015-2016 was Rs.375260.82 crores as compared with Rs.396865.33 crores in the year 2010-2011 registering remarkable increase almost 100% over the previous year.

Value of business covered under guarantees to short term loans were amounted to Rs.1,44,716 crores in the year 2007-2008 and its percentage share was 6.11. In the next following four years the value of business covered had an increasing trend. In the year 2016-2017 it amounted to Rs.3,75,260.82 crores by having percentage share of 15.84.

The business covered under maturity factoring scheme were amounted to Rs.84.43 crores in the year 2016-2017.

CHART NO – 4.1

VALUE OF CORPORATION BANK COVERED UNDER VARIOUS SCHEMES

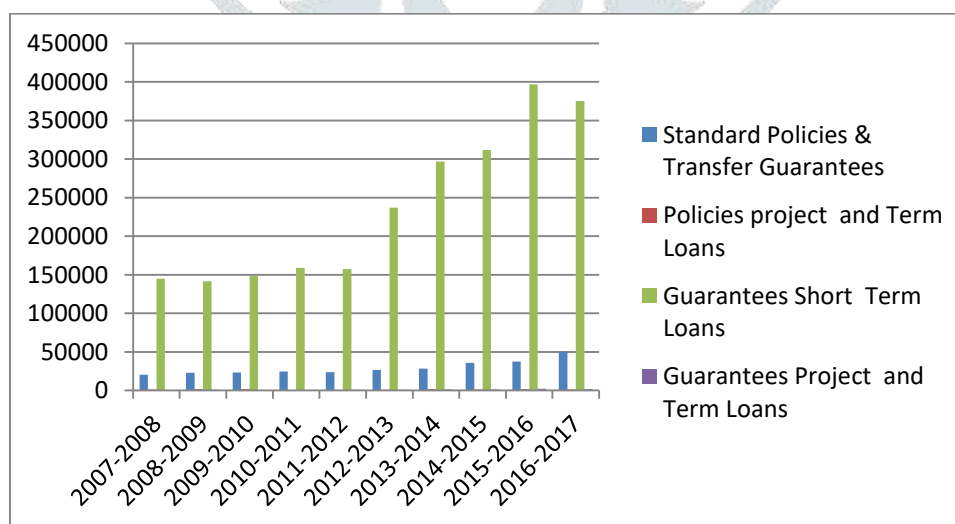


TABLE NO – 4.2

VALUE OF PREMIUN INCOME UNDER VARIOUS SCHEMES

(Rs. In crores)

Year	Standard	Policies project	Guarantees	Guarantees	Factoring
------	----------	------------------	------------	------------	-----------

	Policies & Transfer Guarantees	and Term Loans	Short Term Loans	Project and Term Loans	
2007-2008	75.78	12.50	171.69	5.49	0.00
2008-2009	86.62	11.89	192.18	6.01	0.00
2009-2010	87.88	12.70	200.78	5.41	0.00
2010-2011	96.73	8.70	218.66	6.36	0.00
2011-2012	101.02	6.76	224.97	5.77	0.00
2012-2013	110.66	8.91	245.37	8.62	1.09
2013-2014	118.62	9.16	302.47	10.62	4.61
2014-2015	145.09	7.45	344.24	12.83	5.93
2015-2016	160.01	9.96	388.27	15.83	3.26
2016-2017	190.94	10.17	396.69	17.98	1.88
Total	1172.85	98.2	2685.32	94.92	16.73
Mean	117.285	9.82	268.532	9.492	
S.D	33.79	29.72	164.25	26.87	
C.V	28.45	30.27	29.31	28.31	

* S.D-Standard Deviation, C.V-Cumulative Variance

It reveals that value of premium income under standard policies and transfer guarantees had amounted Rs.75.28 crores in the year 2007-2008 with percentage share of 6.42. In the next following years premium income of standard policies has an increasing trend by having 7.39, 7.49, 8.24, 8.61, 9.44, 10.11, 12.37, 13.64, 16.28% in the year of 2015-2016 respectively.

In the year 2007-2008 the premium income of policies to project and term exports amounted to Rs.12.50 crores by having a percentage share of 12.72. In the following years premium income had many fluctuations and in the year 2016-2017 the premium income was Rs.10.17 crores by having a percentage share of 10.35.

In the year 2007-2008 the premium income of guarantees to short term exports amounted to Rs. 171.69 crores by having a percentage share of 6.39. The next coming years the premium income had increase4d to 192.69, 200.78, 218.66, 245.37, 302.47, 344.24, 388.27 and 396.69 crores.

The premium income earned under guarantees to project and term export was Rs.5.49 crores in the year 2007-2008 and its percentage share was 5.78. In the following year it had fluctuation and it amounted to Rs.17.98 crores in the year 2016-2017 with a percentage share of 18.9.

The premium income earned under maturity factoring scheme was Rs.1.88 crores in the year 2016-2017.

CHART NO – 4.2
VALUE OF PREMIUN INCOME UNDER VARIOUS SCHEMES

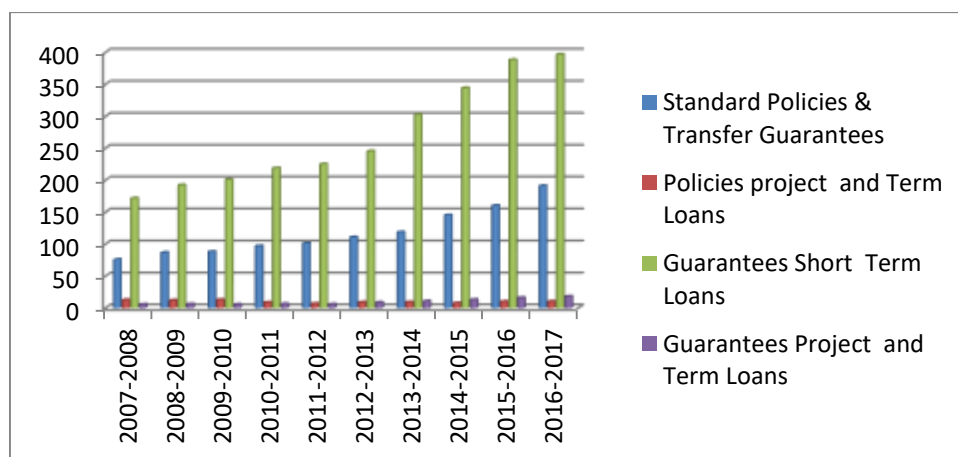


TABLE NO – 4.3
VALUE OF CLAIMS PAID UNDER VARIOUS SCHEMES

(Rs. In crores)

Year	Standard Policies & Transfer Guarantees	Policies project and Term Loans	Guarantees Short Term Loans	Guarantees Project and Term Loans	Factoring
2007-2008	21.50	30.39	99.01	84.86	0.00
2008-2009	22.87	17.49	80.72	0.00	0.00
2009-2010	28.71	0.71	105.00	0.00	0.00
2010-2011	30.57	5.62	142.25	34.05	0.00
2011-2012	34.08	0.00	440.11	12.93	0.00
2012-2013	64.33	0.28	370.57	0.00	1.88
2013-2014	49.82	4.14	387.68	0.00	1.62
2014-2015	66.44	1.98	257.72	1.80	24.34
2015-2016	102.38	10.42	257.28	0.00	16.51
2016-2017	120.10	0.45	245.14	0.75	5.82
Total	540.80	71.48	2385.48	134.39	56.17
Mean	54.08	7.148	238.48	13.439	
S.D	153.91	20.34	67.89	38.24	
C.V	46	25.46	24.46	31.46	

* *S.D-Standard Deviation, C.V-Cumulative Variance*

It is evident from that the value of claims paid under standard policies and transfer guarantees was Rs.21.50 crores in the year 2007-2008 and its percentage share was 3.97. In the following years value of claims paid had many fluctuatins and in the years 2016-2017 it amounted to Rs.120.10 crores by having a percentage share of 22.2.

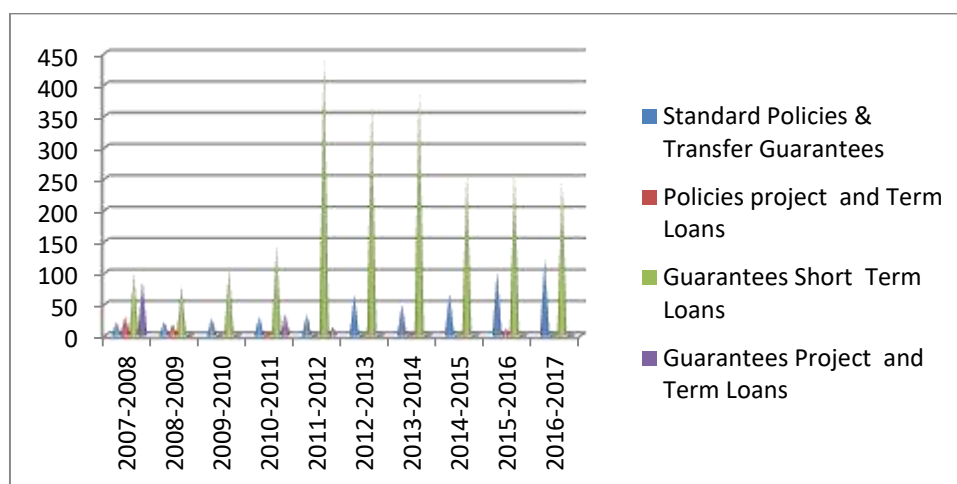
No claims are paid under policies to project and term export in the year 2016-2017 compared with Rs.9.7 crores of claims in the year 2015-2016.

Claims paid in the year 2016-2017 under guarantees to short term exports were in Rs.245.14 crore compared with Rs.257.28 crores in the year 2015-2016 registering a remarkable growth of almost Rs.12.14 over the previous year, in the year 2016-2017 the claims paid amounted to Rs.245.14 crores by having a percentage share of 10.27.

No claims under guarantees to project and term export were paid in the year of 2008-2009, 2009-2010, 2010-2011, 2011-2012 and 2012-2013, the standard deviation under guarantees to project and term export showed an amount of Rs.38.24 crores the coefficient of variation is 31.46 during the study period.

The value of claims paid under maturity factoring amounted to Rs.5.82 crores in the year 2016-2017.

CHART NO – 4.3
VALUE OF CLAIMS PAID UNDER VARIOUS SCHEMES



CHAPTER – IV

FINDINGS, SUGGESTIONS AND CONCLUSION

4.1 FINDINGS

The primary objective of the present study is to analyze the role **CORPORATION BANK** in facilitating international financial business. For this purpose, the following aspect has been analyzed.

- a) Policies and guarantees provided by Corporation Bank to exporters.
- b) The performance analysis of Corporation Bank in the past ten years.

From the analysis, the following are the summary of the findings.

The analysis carried in this aspect brought out the following points:

1. The value of business covered from all the scheme of the schemes of the corporation in the year 2016-2017 amounted to Rs.42,8840.8 crores as compared with Rs.4,37,882.88 crores in 2015-2016, registering a remarkable decrease of Rs.9,042.08 crores over the year.
2. The main contribution to the growth came from guarantees to short terms exports, followed by short term policy.
3. The total premium income from all the schemes of the corporation had amounted to Rs.617.66 crores. This was the highest as compared to the previous year.
4. The total clients paid in the last ten years had many fluctuation and in the year 2016-2017 amounted to Rs.372.26 crores as compared with previous year.
5. Trend analysis shows that in the coming year also Corporation Bank is likely to increase its business under finance wise.

4.2 SUGGESTIONS

- The minimum premium procured to small exporter policy is 0.3%. If the premium rate was reduced, the Corporation Bank will benefit most.
- On the rate of premium charged on comprehensive policy, opinion was equally divided. Some found to be very high, other found to be reasonable the method of calculation premium came in for criticism and all felt that there is a need for a change in the method of calculation.
- Pre-shipment export credit guarantees have to remain as the key support of the entire export training system. Some strengthening in procedural aspect is needed so that the pre-shipment export financial guarantees can play it critically important role.

4.3 CONCLUSION

The overall performance of the Corporation Bank in the year 2016-2017 was encouraging in spite of several countries continuing to be risk prone, necessitating a cautions under writing policy, but in the following years, the drastic slow down in Indian exports had a direct impact on the business of the corporation.

The introduction of new policy will also help to increase our exports. In the new policies, non-recourse export maturity factoring will provide services like 100% credit guarantee protection as bad debts sale register maintenance facilitating due collects on due date. If payments were not received due to discrepancies on documentation, cover for under standard policy, which has newly introduced, will give protection to Indian exports.

It is earnestly hoped that, Government of India would take all the necessary steps to strengthen the business of the Corporation Bank, without which it will be difficult to play its designed developmental role.

REFERENCES

Books:

1. Foreign Exchange and Risk management by C.Jeevanandham, 2nd Revised Edition, Margham Publishers, 2016
2. Dr. Gupta S.P. and Gupta M.P. Business Statistics, Sultan Chand & Sons Publishers New Delhi, 2007.
3. Dr. Gupta S.P. Statistical Methods, Sultan Chand & Sons Publisher, Third Special Edition, New Delhi, 2014.

Journals:

1. Reserve Bank of India's Bulletin
2. Business World, March 2016
3. Business World, June 2017

News Papers:

1. The Financial Express Jan to Dec-2016 Collections
2. The Economic Times Aug to Dec-2017 Collections

Websites:

1. www.corporationbank.gov.in
2. www.corporationbank.com



Communication Address:

**MS.C.M.SATHYASREE, PH.D RESEARCH SCHOLAR (PART TIME)
DEPARTMENT OF COMMERCE WITH PA,
DR SNS RAJALAKSHMI COLLEGE OF ARTS AND SCIENCE,
COIMBATORE**