ISSN XXXX XXXX © 2019 IJESC

Research Article Volume 9 Issue No.3

A Study on Financial Analysis of Punjab National Bank

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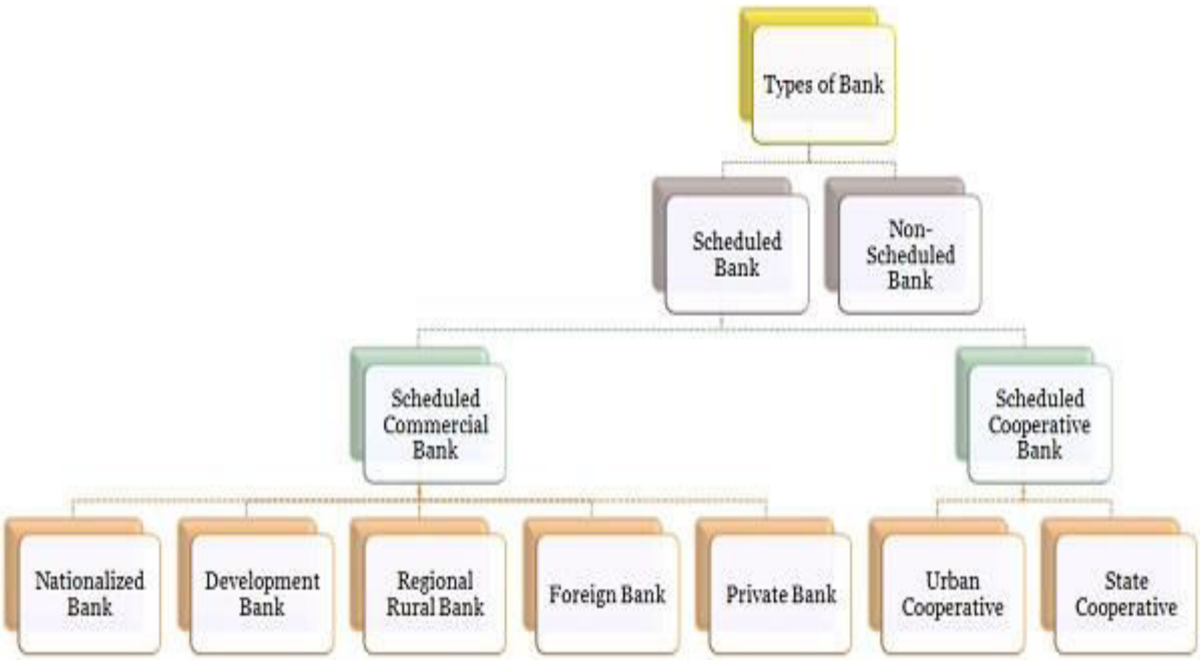
I. INTRODUCTION

A financial institution is an establishment that conducts financial transactions such as investments, loans and deposits. Almost everyone deals with financial institutions on a regular basis. Everything from depositing money to taking out loans and exchanging currencies must be done through financial institutions. Here is an overview of some of the major categories of financial institutions and their roles in the financial system.

BANK:
A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry. A banking system also referred as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios, throughout the day. The banking system in India should not only be hassle free but it should be able to meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit. The Banks are the main participants of the financial system in India. The Banking sector offers several facilities and opportunities to their customers. All the banks safeguards the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role is accepting deposits and lending funds from these deposits.

Classification of Banking Industry in India:
Indian banking industry has been divided into two parts, organized and unorganized sectors. The organized sector consists of Reserve Bank of India, Commercial Banks and Co-operative Banks, and Specialized Financial Institutions (IDBI, ICICI, IFC etc). The 28unorganized sector, which is not homogeneous, is largely made up of money lenders and indigenous bankers.



Reserve Bank of India:
The Reserve Bank of India (RBI) is India's central banking institution, which controls the issuance and supply of the Indian rupee. Until the Monetary Policy Committee was established in 2016, it also controlled monetary policy in India.[6] It commenced its operations on 1 April 1935 in

accordance with the Reserve Bank of India Act, 1934.[7] The original share capital was divided into shares of 100 each fully paid, which were initially owned entirely by private shareholders.[8] Following India's independence on 15 August 1947, the RBI was nationalised on 1 January 1949.[9] The RBI plays an important part in the Development Strategy of the Government of India. It is a member bank of the Asian Clearing Union. The general superintendence and direction of the RBI is entrusted with the 21-member central board of directors: the governor; four deputy governors; two finance ministry representatives (usually the Economic Affairs Secretary and the Financial Services Secretary); ten government-nominated directors to represent important elements of India's economy; and four directors to represent local boards headquartered at Mumbai, Kolkata, Chennai and the capital New Delhi. Each of these local boards consists of five members who represent regional interests, the interests of co-operative and indigenous banks.

Scheduled Bank:
Scheduled banks are covered under the 2nd Schedule of the Reserve Bank of India Act, 1934. A bank that has a paid-up capital of Rs. 5 Lakhs and above qualifies for the schedule bank category. These banks are eligible to take loans from RBI at bank rate.

Commercial bank:
Commercial Banks are regulated under the Banking Regulation Act, 1949 and their business model is designed to make profit. Their primary function is to accept deposits and grant loans to the general public, corporate and government. Commercial banks can be divided into-

Public sector banks:
These are the nationalized banks and account for more than 75 per cent of the total banking business in the country. Majority of stakes in these banks are held by the government. In terms of volume, SBI is the largest public sector bank in India and after its merger with its 5 associate banks (as on 1st April 2017) it has got a position among the top 50 banks of the world.

Private sector banks:
These include banks in which major stake or equity is held by private shareholders. All the banking rules and regulations laid down by the RBI will be applicable on private sector banks as well. Given below is the list of private-sector banks in India-

Foreign banks:
A foreign bank is one that has its headquarters in a foreign country but operates in India as a private entity. These banks are under the obligation to follow the regulations of its home country as well as the country in which they are operating. Citi Bank, Standard Chartered Bank and HSBC are some leading foreign banks in India.

Regional rural banks:
A foreign bank is one that has its headquarters in a foreign country but operates in India as a private entity. These banks are under the obligation to follow the regulations of its home country as well as the country in which they are operating. City Bank, Standard Chartered Bank and HSBC are some leading foreign banks in India.

Non Scheduled banks:
As per the Second Schedule of the Banking Regulation Act of 1965 a bank must satisfy the following conditions, to get fully authorized to run banking business in India.

Cooperative bank:
Cooperative banks are owned by their customers and follow the cooperative principle of one person, one vote. Co-operative banks are often regulated under both banking and cooperative legislation. They provide services such as savings and loans to non-members as well as to members, and some participate in the wholesale markets for bonds, money and even equities. Many cooperative banks are traded on public stock markets, with the result that they are partly owned by non-members. Member control is diluted by these outside stakes, so they may be regarded as semi-cooperative.

Types of Cooperative banks:
a) Primary Credit Societies- These institutions are formed at village level or town level. The operations of such banks are limited to a very small area
(b) District Central Cooperative Banks- These banks operate at the district level. They act as a link between primary credit societies and state cooperative banks
(c) State Cooperative Banks- State Cooperative Banks are biggest forms of cooperative banks. They operate at the state level. Some of State Cooperative banks operate in multi States.

Banking services:
Banking services are regarded as one of the important service. Banks provide financial services to the customers. Due to the rising competition and liberalization the banking industry has become the buyer's market. Banks need to create and develop the services which can satisfy the consumer needs. Customer satisfaction is a very important construct in today's market and it is directly influenced by service quality as per earliest studies. Therefore, the present research work has been carried out to analyze the rural customers' attitude towards public sector banks. Banking in India is so convenient and hassle free that one (individual, groups or whatever the case may be) can easily process transactions as and when required. The most common services offered by banks in India are as follows 44 Bank accounts: It is the most common service of the banking sector. An individual can open a bank account which can be either savings, current or term deposits. Loans: You can approach all banks for different kinds of loans. It can be a home loan, car loan, personal loan, loan against shares and educational loans. Money Transfer: Banks can transfer money from one corner of the globe to the other by issuing demand drafts, money orders or cheques Credit and debit cards: Most banks offer credit cards to their customers which can be used to purchase products and services, or borrow money. Lockers: Most banks have safe deposit lockers which can be used by the customers for storing valuables, like important documents or jewellery.

STATEMENT OF PROBLEM:
Performance and efficiency of commercial banks are the key element of efficiency and efficacy of countries financial system. The broad objective of the banking sector reforms in India has been to increase efficiency and profitability of the banks. Prior to banking reforms, the industry was a near monopoly dominated by public sector banks. However, the banking reforms a number of private and foreign banks extend the market armed with greater autonomy. Operational efficiency is an indicator, which will help not only the public but to the management, regulators, and supervisors to understand and judge the relative efficiency of the players competing in the banking sector. To overcome these this study has been undergone using various tools and analysis.

OBJECTIVES OF THE STUDY:

1. To analyze the financial performance of the bank.
2. To examine the profitability position of the bank.
3. To offer findings and suggestions to enhance the financial performance of the bank.

NEED AND SCOPE OF THE STUDY:

Financial statement analysis is used to identify the trends and relationships between financial statement items. Both internal management and external users (such as analysts, creditors, and investors) of the financial statements need to evaluate a company's profitability, liquidity, and solvency. The most common methods used for financial statement analysis are trend analysis, common-size statements, and ratio analysis. These methods include calculations and comparisons of the results to historical company data, competitors, or industry averages to determine the relative strength and performance of the company being analyzed.

LIMITATIONS OF THE STUDY:

The study is based on the secondary data and the limitations of using secondary data may affect the results. The secondary data published in the website may vary with the original data.

II. REVIEW OF LITERATURE

Mampilly (1980)[1]has made a attempt on the Cost and profitability of commercial banks in India. These studies provide an analytical view of the trend in the components of cost of earning s of different groups of Indian commercial banks since nationalization. The study mainly focuses on the cost and profitability of banking industry as a whole rather than individual bank. **Karkal.G.L. (1982)**[2]has examined the concept of profit and profitability in the banking industry parlance, and also the factors that determine the same. Regarding the profits and the techniques used in profit planning, the author has suggested some measures to improve the profitability of 10 banks under study. These include, increasing the margin between lending (advances) and borrowing (deposits) rates, improving the profitability to staff, and implementation of a uniform maximum services changes. The study, however, has not touched upon the area of costing of banking services, and also the costing initiatives in the Indian banking industry. **Amandeep (1983)**[3]conducted a study on various factors which affect the profitability of commercial banks with the help of multiple regression analysis. She has tried to determine the share of each factor which determines the profitability of commercial banks. The trend analysis, ratio analysis, multiple regression analysis was effective used to know the profitability of commercial banks. **Angadi and Devraj (1983)**[4]found the factors determining the profitability and productivity of public sector banks (PSBs) in India. The study has been primarily based on published financial statements of respective banks. These authors have observed that though PSBs have discharged their social responsibilities, their deficiencies in respect of effective mobilization of funds at lower costs, attracting retail banking business, augmenting earnings from other sources, effective cash and portfolio management etc., have contributed towards the lower productivity and profitability of these banks.

RESEARCH METHODOLOGY

Period of Study:

This study undertakes the comparative financial performance analysis of Punjab national bank for the period of 4 years i.e., from 2014 to 2018.

Sources of data

The data for this study are taken from the annual reports of Punjab National Bank. The other particulars were obtained by collecting the data in the official website of PNB. Since the information is based on the annual reports published by the bank, the study is said to be based on the secondary data.

Tool of study

Ratio analysis technique has been used in the course of analysis. The use of these tools at different places has been made in the light of nature and suitability of data available and requirement of analysis.

Ratio analysis

Ratio Analysis is a form of Financial Statement Analysis that is used to obtain a quick indication of a firm's financial performance in several key areas. The ratios are categorized as Short-term Solvency Ratios, Debt Management Ratios, Asset Management Ratios, Profitability Ratios, and Market Value Ratios.Ratio Analysis as a tool possesses several important features. The data, which are provided by financial statements, are readily available. The computation of ratios facilitates the comparison of firms which differ in size. Ratios can be used to compare a firm's financial performance with industry averages. In addition, ratios can be used in a form of trend analysis to identify areas where performance has improved or deteriorated over time.Because Ratio Analysis is based upon Accounting information, its effectiveness is limited by the distortions which arise in financial statements due to such things as Historical Cost Accounting and inflation. Therefore, Ratio Analysis should only be used as a first step in financial analysis, to obtain a quick indication of a firm's performance and to identify areas which need to be investigated further.

ANALYSIS AND INTERPRETATION

INTRODUCTION:

Financial statement analysis (orfinancialanalysis) is the process of reviewing and analyzing a company's financial statements to make better economic decisions. These statements include the income statement, balance sheet, statement of cash flows, and a statement of changes in equity. Financial statement analysis is a method or process involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization.

MEANING OF RATIO:

A ratio is a relationship between two numbers indicating how many times the first number contains the second. It is a mathematical yardstick that measures the relationship between two figures, which are related to each other and mutually interdependent. Ratio is expressed by dividing one figure by another related figure. Thus ratio is an expression relating one number to another. It is simply the quotient of two numbers. It can be expressed as a fraction or as a decimal or as a pure ratio or in absolute figures as "so many times". Thus, accounting ratio is an expression relating two figures or accounts or two set of account heads or groups contained in the financial statements.

MEANING OF RATIO ANALYSIS:

Ratio analysis is the process of examining and comparing financial information by calculating meaningful financial statement figure percentages instead of comparing line items from each financial statement.Managers and investors use a number of different tools and comparisons to tell whether a company is doing well and whether it is worth investing in. The most common ways people analysis a company's performance are horizontal analysis, vertical analysis, and ratio analysis. Horizontal and vertical analyzes compare a company's performance over time and to a base or set of standard performance numbers. Ratio analysis is much different. Ratio analysis compares relationships between financial statement accounts. This means that one income statement or balance sheet account is being compared to another. These relationships between financial statement accounts will not only give a manager or investor an idea of the how healthy the business is on a whole, it will also give them keen insights into business operations.

CURRENT RATIO

The current ratio is a liquidity ratio that measures whether or not a firm has enough resources to meet its short-term obligations. It compares a firm's current assets to its current liabilities. The current ratio is an indication of a firm's liquidity. Large current ratios are not always a good sign for investors. If the company's current ratio is too high it may indicate that the company is not efficiently using its current assets or its short-term financing facilities.

Current Asset= Cash and Bank, loans and Advances

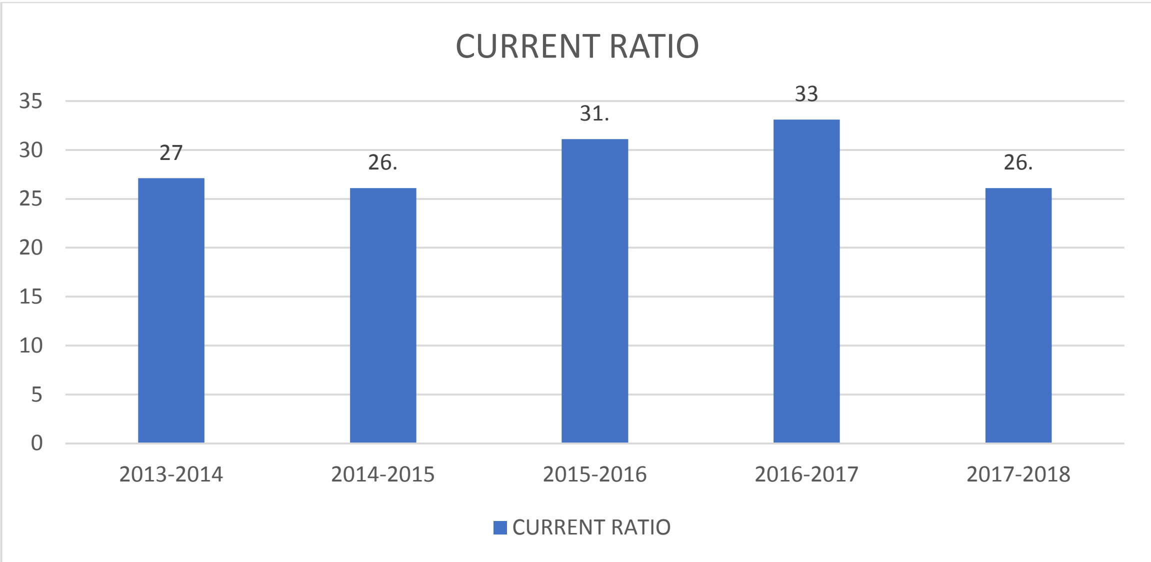
Current Ratio= Current Asset / Current Liability

Table.4.1. Current ratio

YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
2013-2014	403214.68	15093.44	27
2014-2015	448499.76	17204.89	26
2015-2016	504321.83	16273.94	31
2016-2017	527331.86	16016.21	33
2017-2018	559174.80	121678.86	26

Source: https://www.moneycontrol.com

INTERPRETATION: The current ratio is in decrease. This denotes that the current liability of the bank has increased. The highest ratio is 33 in the year 2016-2017. The lowest ratio is 26 in the year 2014-2015 and 2017-2018.



QUICK/ ACID TEST/ LIQUID RATIO

In finance, the quick ratio, also known as the acid-test ratio is a type of liquidity ratio which measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately. Quick assets include those current assets that presumably can be quickly converted to cash at close to their book values. It is the ratio between quickly available or liquid assets and current liabilities. A company with a quick ratio of less than 1 cannot currently fully pay back its current liabilities. This ratio is considered to be much better and reliable as a tool for assessment of liquidity position of firms.

Quick Asset= Cash and Bank

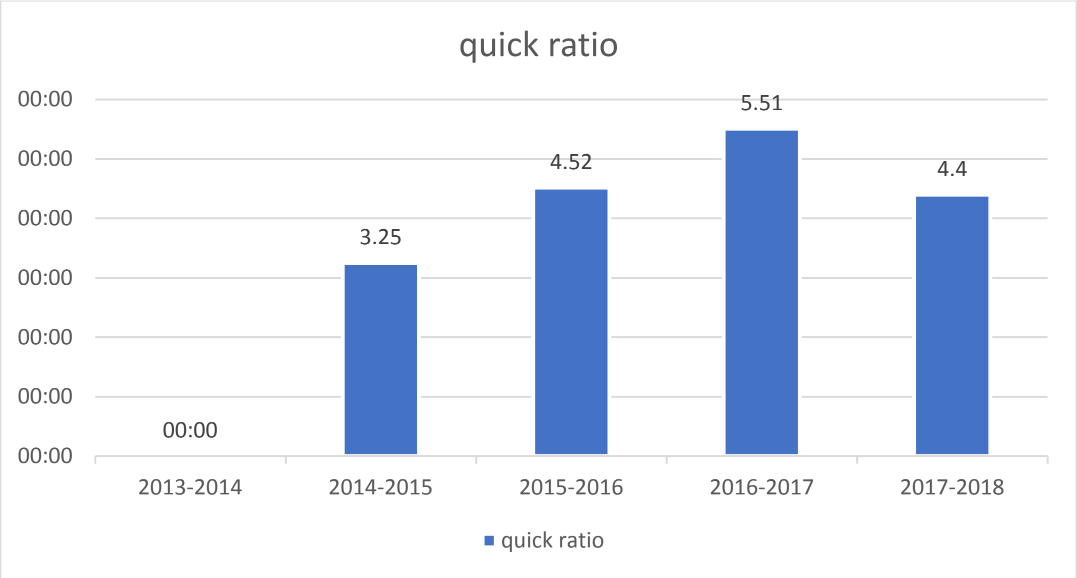
Quick Ratio= Quick Asset / Current Liability

Table.4.2. Liquid ratio

YEAR	QUICK ASSET	CURRENT LIABILITY	QUICK RATIO
2013-2014	45218.45	15093.44	3
2014-2015	55934.17	17204.89	3.25
2015-2016	73623.09	16273.94	4.52
2016-2017	88331.65	16016.21	5.51
2017-2018	95462.00	/ 21678.86	4.40

Source: https://www.moneycontrol.com

INTERPRETATION: The quick ratio has decreased. This denotes that the current liability of the bank has increased. The highest ratio is 5.51 in the 2017-2018 and the lowest is 3 in the year 2014-2015.



ABSOLUTE LIQUID / CASH RATIO:
Absolute liquidratio extends the logic further and eliminates accounts receivable (sundry debtors and bills receivables) also. Though receivables are more liquid as comparable to inventory but still there may be doubts considering their time and amount of realization. Therefore, absolute liquidity ratio relates cash, bank and marketable securities to the current liabilities. Since absolute liquidity ratio lays down very strict and exacting standard of liquidity, therefore, acceptable norm of this ratio is 50 percent. It means absolute liquid assets worth one half of the value of current liabilities are sufficient for satisfactory liquid position of a business.

Absolute Liquid Asset= Cash and Bank

Absolute Liquid Ratio= Absolute Liquid Asset / Current Liability

Table.4.3. Absolute liquid / cash ratio

YEAR	ABSOLUTE LIQUID ASSET	CURRENT LIABILITY	ABSOLUTE LIQUID RATIO
2013-2014	45218.45	15093.44	3
2014-2015	55934.17	17204.89	3.25
2015-2016	73623.09	16273.94	4.52
2016-2017	88331.65	16016.21	5.51
2017-2018	95462.00	/ 21678.86	4.40

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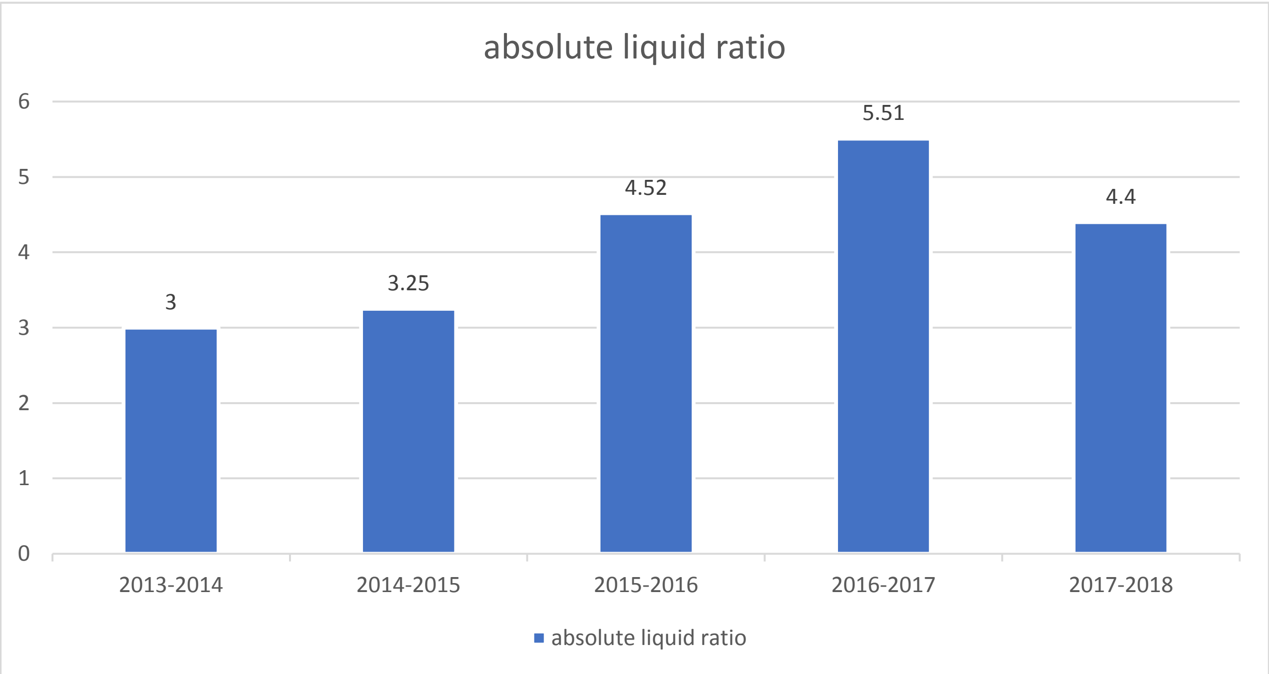
INTERPRETATION: The absolute liquid ratio has decreased. This denotes that the current liability of the bank has increased. The highest ratio is 5.51 in the 2017-2018 and the lowest is 3 in the year 2014-2015.



OPERATING PROFIT RATIO

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production such as wages, raw materials, etc. It is also expressed as a percentage of sales and then shows the efficiency of a company controlling the costs and expenses associated with business operations. Furthermore, it is the return achieved from standard operations and does not include unique or one time transactions.

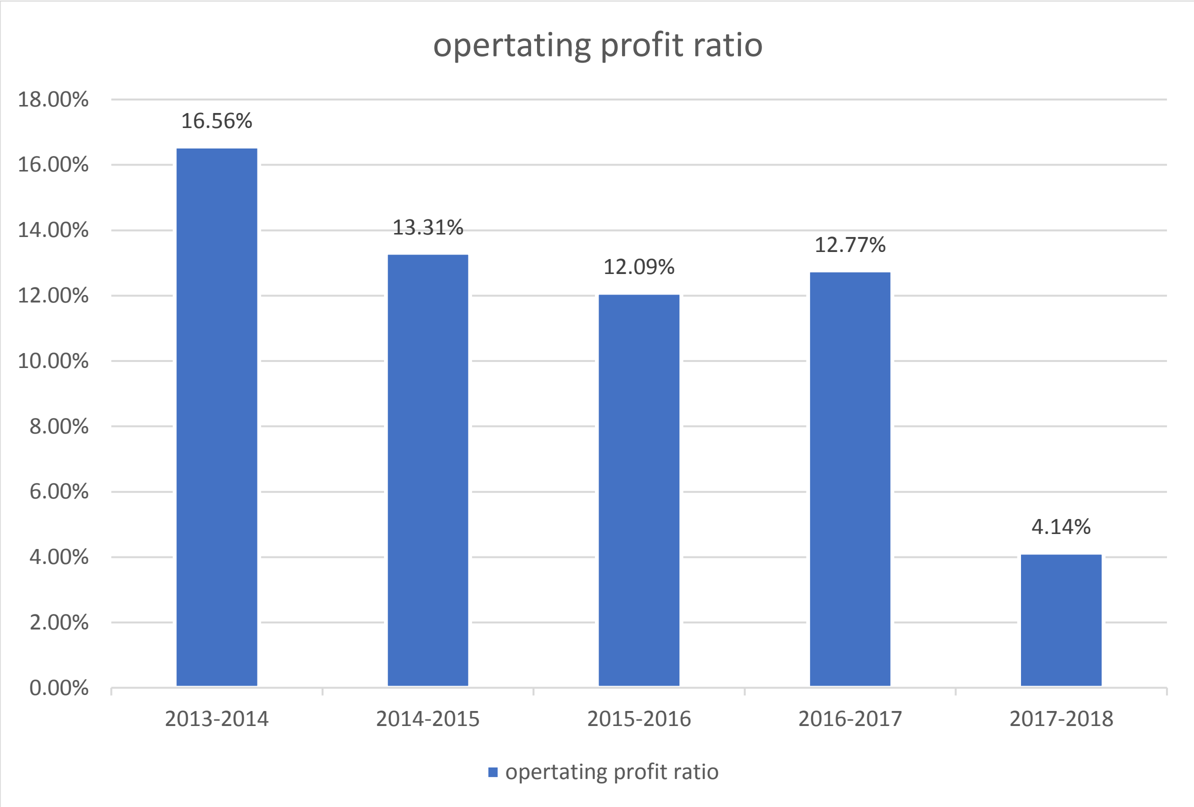
Operating Profit Ratio= Operating Profit / Sales *100

Table.4.4. Operating profit ratio

YEAR	OPERATING PROFIT	SALES	OPERATING PROFIT RATIO
2013-2014	7160.15	43223.45	16.56%
2014-2015	6434.25	46315.36	13.31%
2015-2016	5735.05	47424.35	12.09%
2016-2017	6038 .82	47275.99	12.77%
2017-2018	1989.50	47995.77	4.14%

Source: https://www.moneycontrol.com

INTERPRETATION: The operating profit has decreased. This denotes that the operating profit of the bank has decreased. The highest ratio is 16.56% in the year 2014-2015. The lowest ratio is 4.14% in the year 2017-2018.



PERSONAL EXPENSE RATIO:

The expense ratio of a stock or asset fund is the total percentage of fund assets used for administrative, management, advertising, and all other expenses. Expense ratios are important to consider when choosing a fund, as they can significantly affect returns. Factors influencing the expense ratio include the size of the fund (small funds often have higher ratios as they spread expenses among a smaller number of investors), sales charges, and the management style of the fund.

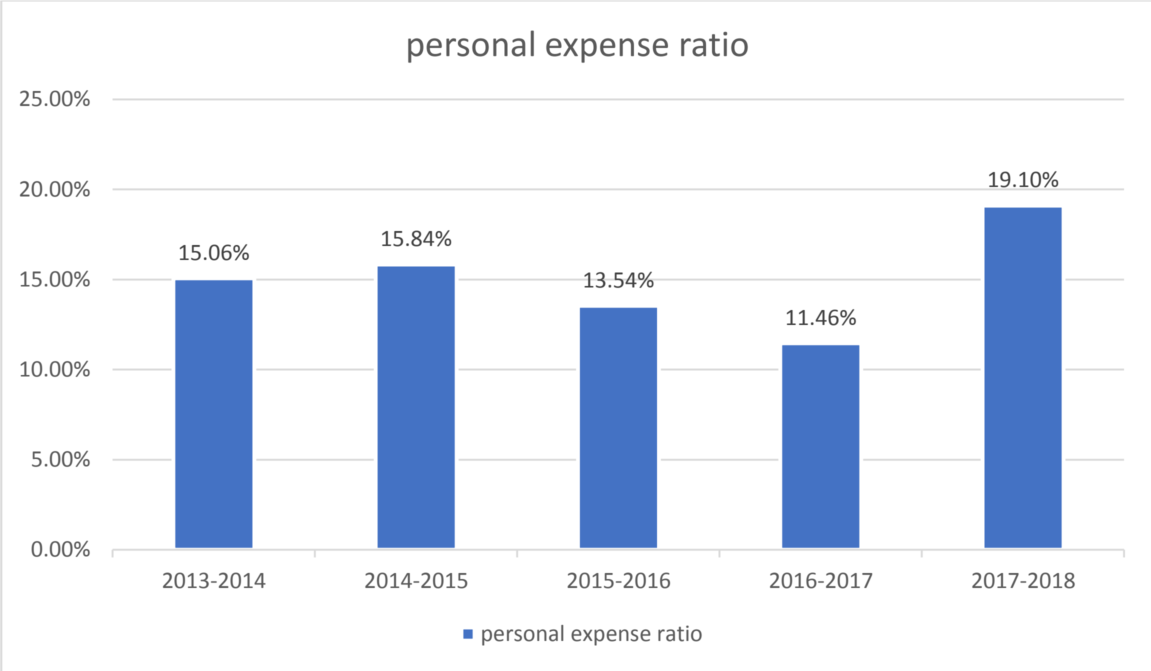
Personal expense Ratio= Personal Expense / Sales *100

Table.4.5. Personal expense ratio

YEAR	PERSONAL EXPENSE	SALES	PERSONAL EXPENSE RATIO
2013-2014	6510.45	43223.45	15.06%
2014-2015	7336.91	46315.36	15.84%
2015-2016	6425.95	47424.35	13.54%
2016-2017	5420.72	47275.99	11.46%
2017-2018	9168.80	47995.77	19.10%

Source: https://www.moneycontrol.com

INTERPRETATION: The operating profit has decreased. This denotes that the operating profit of the bank has decreased. The highest ratio is 16.56% in the year 2014-2015. The lowest ratio is 4.14% in the year 2017-2018.



SELLING EXPENSE RATIO: The expense ratio of a stock or asset fund is the total percentage of fund assets used for administrative, management, advertising, and all other expenses. Expense ratios are important to consider when choosing a fund, as they can significantly affect returns. Factors influencing the expense ratio include the size of the fund (small funds often have higher ratios as they spread expenses among a smaller number of investors), sales charges, and the management style of the fund.

Selling Expense Ratio= Selling Expense / Sales *100

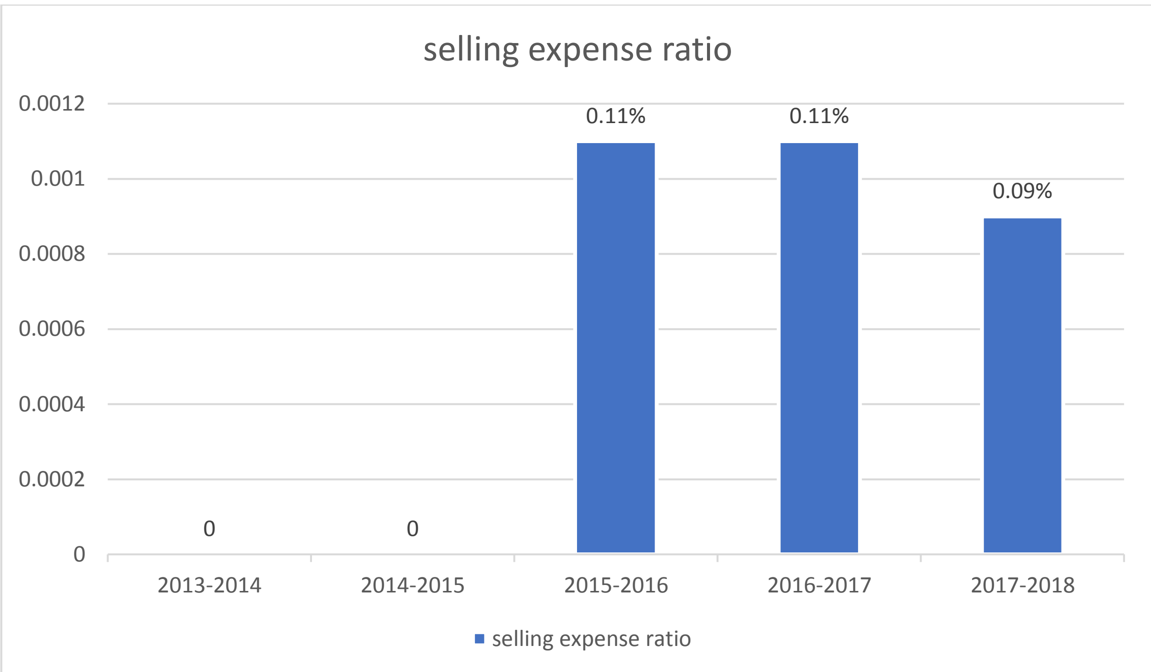
Table.4.6.Selling Expense Ratio

YEAR	SELLING EXPENSE	SALES	SELLING EXPENSE RATIO
2013-2014	0	43223.45	0
2014-2015	0	46315.36	0
2015-2016	54.85	47424.35	0.11%
2016-2017	55.36	47275.99	0.11%
2017-2018	47.15	47995.77	0.09%

Source: https://www.moneycontrol.com

INTERPRETATION:

The selling expense ratio has decreased. This denotes that the selling expense of the bank has decreased. The highest ratio is 0.11% in the year 2015-2016 and 2016-2018. The lowest ratio is 0.09% in the year 207-2018.



ADMINISTRATIVE EXPENSE

The expense ratio of a stock or asset fund is the total percentage of fund assets used for administrative, management, advertising, and all other expenses. Expense ratios are important to consider when choosing a fund, as they can significantly affect returns. Factors influencing the expense ratio include the size of the fund (small funds often have higher ratios as they spread expenses among a smaller number of investors), sales charges, and the management style of the fund.

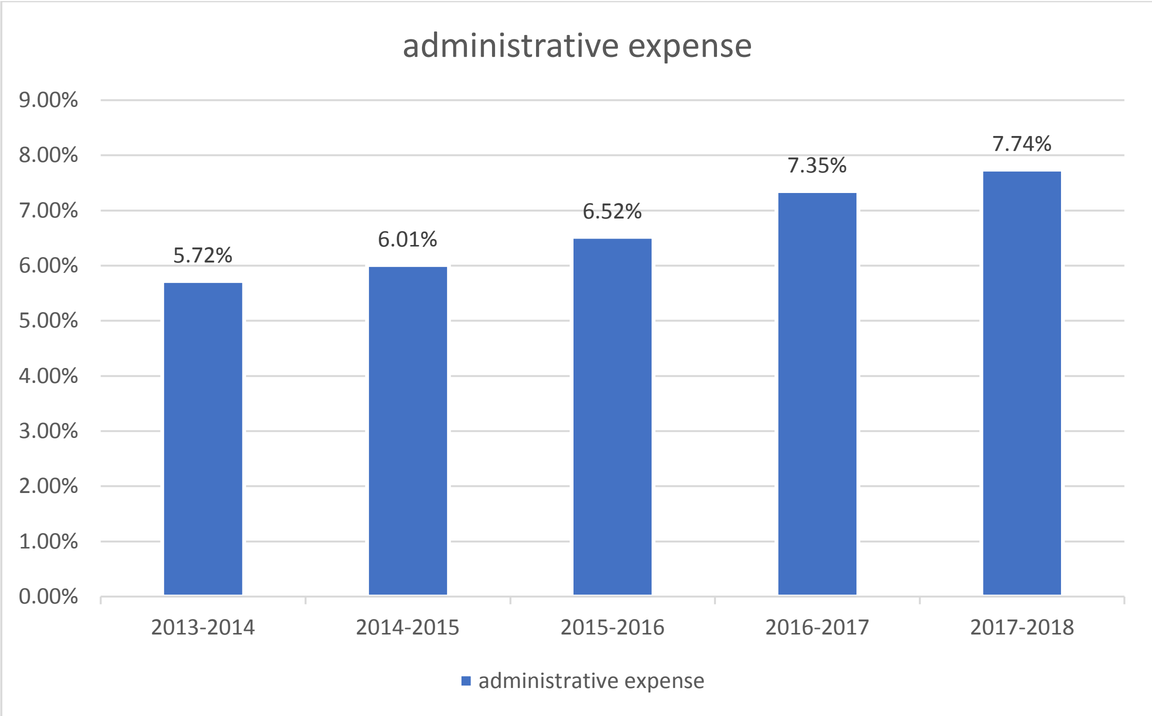
Administrative Expense= Administrative Expense / Sales *100

Table.4.7. Administrative expense

YEAR	ADMINISTRATIVE EXPENSE	SALES	ADMINISTRATIVE EXPENSE RATIO
2013-2014	2475.37	43223.45	5.72%
2014-2015	2784.41	46315.36	6.01%
2015-2016	3075.93	47424.35	6.52%
2016-2017	3478.27	47275.99	7.35%
2017-2018	3716.96	47995.77	7.74%

Source: https://www.moneycontrol.com

INTERPRETATION: The administrative expense has increased. This denotes that the administrative expense has increased. The highest ratio is 7.74% in the year 2017-2018. The lowest ratio is 5.72% in the year 2013-2014.



NET PROFIT RATIO: The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. As such, it is one of the best measures of the overall results of a firm, especially when combined with an evaluation of how well it is using its working capital. The measure is commonly reported on a trend line, to judge performance over time. It is also used to compare the results of a business with its competitors.

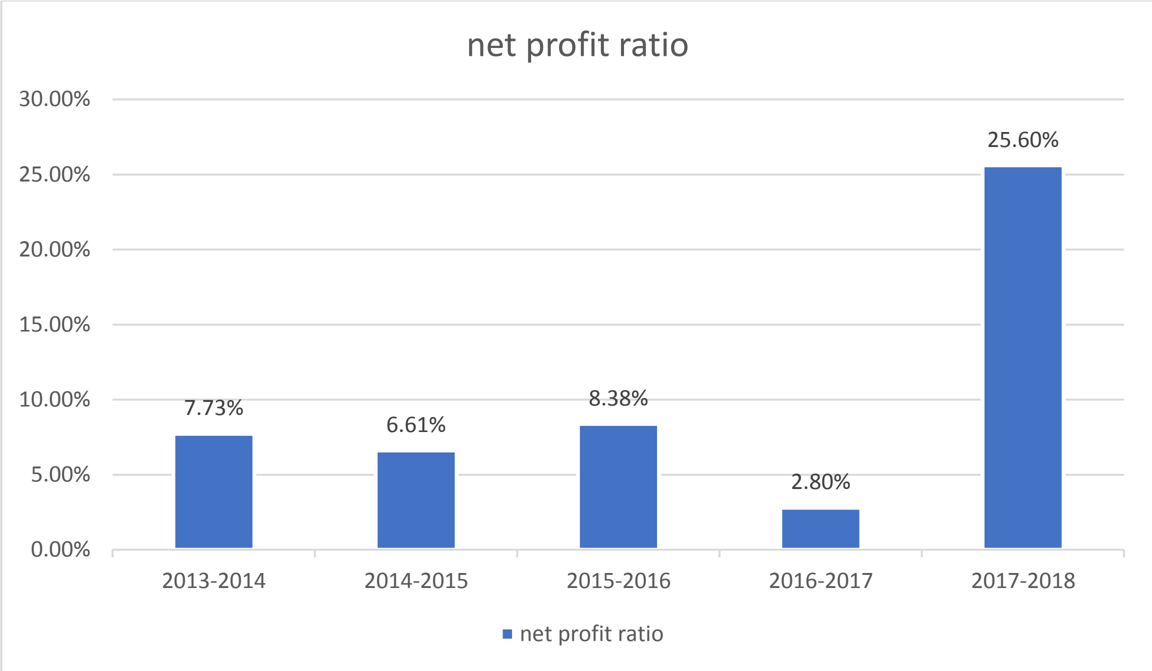
Net Profit Ratio= Net Profit / Sales *100

Table.4.8. Net profit ratio

YEAR	NET PROFIT	SALES	NET PROFIT RATIO
2013-2014	3342.58	43223.45	7.73%
2014-2015	3061.58	46315.36	6.61%
2015-2016	-3974.40	47424.35	-8.38%
2016-2017	1324.80	47275.99	2.80%
2017-2018	-12282.82	47995.77	-25.6%

Source: https://www.moneycontrol.com

INTERPRETATION: The net profit ratio has increased. This denotes that the net profit of the bank has increased. The highest ratio is 25.60% in the year 2017-2018. The lowest ratio is 2.80% in the year 2016-2017.



DEBT-EQUITY RATIO: The debt-to-equity ratio is a measure of the relationship between the capital contributed by creditors and the capital contributed by shareholders. It also shows the extent to which shareholders' equity can fulfill a company's obligations to creditors in the event of a liquidation.

Outsiders Fund = Secured Loans and Unsecured Loans

Shareholders Fund = Capital, Reserves and Surplus

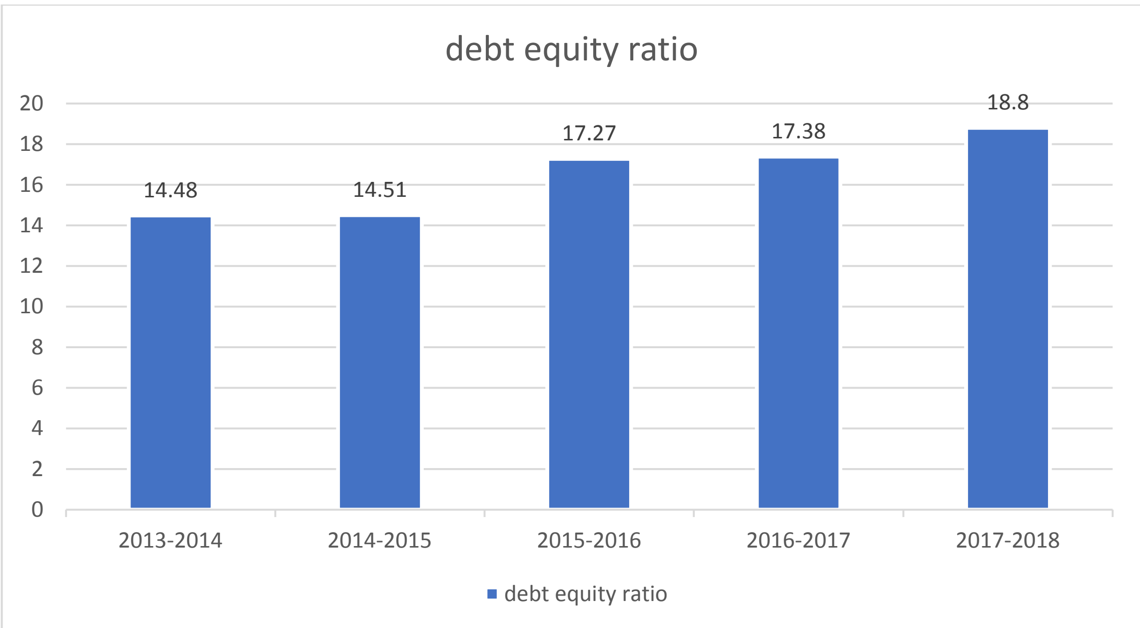
Debt-Equity Ratio= Outsiders Fund / Shareholders Fund

Table.4.9. Debt-equity ratio

YEAR	OUTSIDERS FUND	SHAREHOLDERS FUND	DEBT-EQUITY RATIO
2013-2014	499431.16	34487.14	14.48
2014-2015	547049.19	37691.97	14.51
2015-2016	612806.37	35465.36	17.27
2016-2017	662467.36	38096.45	17.38
2017-2018	703076.94	37390.48	18.80

Source: https://www.moneycontrol.com

INTERPRETATION: The debt-equity ratio has increased. This denotes that the outsiders fund of the bank has increased. The highest ratio is 18.80 in the year 2017-2018. The lowest ratio is 14.48 in the year 2013-2014.



PROPRIETORY / EQUITY RATIO

The proprietary ratio (also known as the equity ratio) is the proportion of shareholders' equity to total assets, and as such provides a rough estimate of the amount of capitalization currently used to support a business. If the ratio is high, this indicates that a company has a sufficient amount of equity to support the functions of the business, and probably has room in its financial structure to take on additional debt, if necessary. Conversely, a low ratio indicates that a business may be making use of too much debt or trade payables, rather than equity, to support operations (which may place the company at risk of bankruptcy).

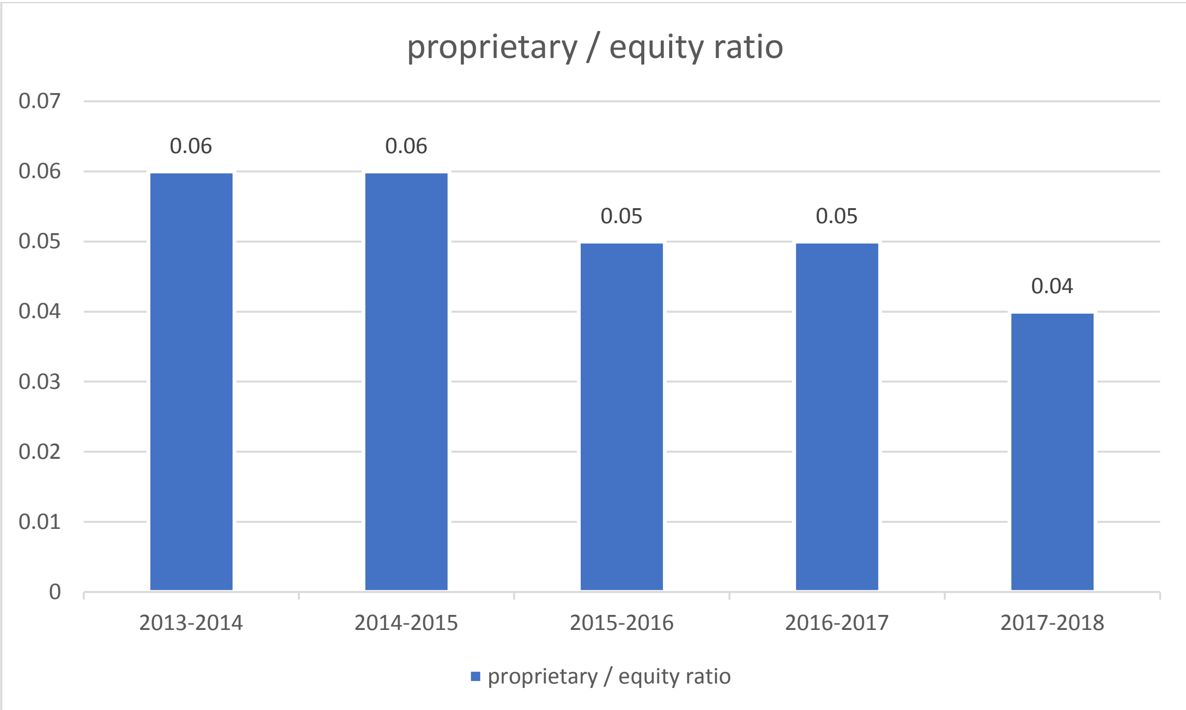
Proprietory / Equity Ratio= Shareholders fund / total assets

Table.4.10. Proprietory / equity ratio

YEAR	SHAREHOLDERS FUND	TOTAL ASSETS	PROPRIETORY / EQUITY RATIO
2013-2014	34487.14	535326.48	0.06
2014-2015	37691.97	586128.71	0.06
2015-2016	35465.36	651116.51	0.05
2016-2017	38096.45	708064.86	0.05
2017-2018	37390.48	747835.07	0.04

Source: https://www.moneycontrol.com

INTERPRETATION: The proprietary / equity ratio has decreased. This denotes that the shareholders fund of the bank has decreased with increase in total assets. The highest ratio is 0.06 in the year 2013-2014 and 2014-2015. The lowest ratio is 0.04 in the year 2017-2018.



III. FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

1. The current ratio is in decrease. This denotes that the current liability of the bank has increased. The highest ratio is 33 in the year 2016-2017. The lowest ratio is 26 in the year 2014-2015 and 2017-2018.
2. The quick ratio has decreased. This denotes that the current liability of the bank has increased. The highest ratio is 5.51 in the 2017-2018 and the lowest is 3 in the year 2014-2015.
3. The absolute liquid ratio has decreased. This denotes that the current liability of the bank has increased. The highest ratio is 5.51 in the 2017-2018 and the lowest is 3 in the year 2014-2015.
4. The operating profit has decreased. This denotes that the operating profit of the bank has decreased. The highest ratio is 16.56% in the year 2014-2015. The lowest ratio is 4.14% in the year 2017-2018.
5. The personal expense ratio has increased. This denotes that the personal expense of the bank has increased. The highest ratio is 19.10% in the year 2017-2018. The lowest ratio is 11.46% in the year 2016-2017.
6. The selling expense ratio has decreased. This denotes that the selling expense of the bank has decreased. The highest ratio is 0.11% in the year 2015-2016 and 2016-2018. The lowest ratio is 0.09% in the year 2017-2018.
7. The administrative expense has increased. This denotes that the administrative expense has increased. The highest ratio is 7.74% in the year 2017-2018. The lowest ratio is 5.72% in the year 2013-2014.
8. The net profit ratio has increased. This denotes that the net profit of the bank has increased. The highest ratio is 25.60% in the year 2017-2018. The lowest ratio is 2.80% in the year 2016-2017
9. The debt-equity ratio has increased. This denotes that the outsiders fund of the bank has increased. The highest ratio is 18.80 in the year 2017-2018. The lowest ratio is 14.48 in the year 2013-2014.
10. The proprietary / equity ratio has decreased. This denotes that the shareholders fund of the bank has decreased with increase in total assets. The highest ratio is 0.06 in the year

2013-2014 and 2014-2015. The lowest ratio is 0.04 in the year 2017-2018.

IV. SUGGESTIONS:

The bank's current and liquid asset is sufficient to meet the current liabilities of the bank which shows the sound liquid position. This has to be maintained for the following years. The fixed asset ratio has decreased. The bank has to take necessary steps to maintain proper ratio. The liquidity position of the bank is satisfactory. Further the bank can increase its liquidity position by maintaining proper cash in hand and cash in bank. The operating profit of the bank has decreased. In order to increase the net profit the bank has to reduce the expenses. Proper control over various expenses may increase the net profit of the bank. The statutory reserve and capital reserve is not satisfactory. The bank has to maintain proper reserve for the profitability of the bank. The bank has to maintain proper assets to have a good long term financial position.

V. CONCLUSION

Analysis and interpretation of financial statement is an important tool in assessing the banks performance. It reveals the strength and weakness of the organization. According to the study I came to know from the financial statement that the financial position of the bank is satisfactory. The bank has to take necessary steps to reduce the non performing assets of the bank and to increase the net profit of the bank. This project mainly focused on the study on the basis of different types of financial statements like Balance sheet, Profit and loss account. From the balance sheet the liquidity position of the bank is found to be satisfactory. There is an increase in share capital of the bank every year. This indicates that the bank has good reputation. From this project I got to know about banking services. It also helped enhance my knowledge in banking sector.

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