Financial Performance of selected Nationalized bank comparative analysis on Different parameters

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***Abstract* -** The history of banking is fascinating and illustrates developments in business and trade. It also sheds light on the political, cultural and living facets of civilized humanity. Religion and God have always been the greatest faith of the people. The place of faith and prayer was considered a safe place for money and goods. Therefore, most rich citizens held accounts at their churches, old houses did not have the luxury of steel security. Many citizens were devoted and frank, including priests and temple workers, and they still populated the temples, adding a sense of safety. The thesis is focused on secondary data published in their annual reports and accounts by nationalized banks. The key objective of the analysis is to know the status, financial power, liquidity, financial performance and the operation of the banking industry in relation to the total capital of the company of two selected bank units.

Keywords: Bank, Performance, Profitability, financial, parameters, growth

I. INTRODUCTION

Over the last 65 years, since independence, the financial industry has seen considerable improvements and has certainly gone a long way from nationalizing and privatizing since 1997. In the last two decades, the banking sector in the country has changed significantly, with technology making this transition a big facilitator. The banking world in the country has been revolutionized by ATMs, Internet Banking, CCs, EFTPORs, and today Mobile Banking. The ideas, behaviors and approaches in banking give rise to new feasibility strategies, require basic finance and marketing. Instead of banks simply going in lucrative enterprises with the slope, they have to invest in their ambitions in the nation building activities. Banks should then serve as catalytic agents for the country's growth, mobilize capital and channel them into productive people. New methods for industrial production must be used in both the small and large sectors and not confined to the conventional storage method and distribution finance of a short nature, developmental finance and term lending have to be taken up by commercial banks. Similarly opening of branches in rural and urban area Effective customer support has taken on a major role. Accept for the reason of the landing of the public deposit of money payable on request or by any means and withdrawable by cheques, designation, order or otherwise.

- Indian Banking Act 1949 Sec 5 (1)
(b) Bank means a money-changing bench or table.
- History of Greece A banker is the average citizen with his company honour, who gets money on a bank account from him and with him.
-Dr H. L. Hert Bank is a storage facility for money collected from or on half its clients. Its main responsibility is to pay the draft team. Its revenues stem from the use of the funds left behind.

- Oxford Dictionary Bank is an entity that traders money, money, and loans and discounts. facilitating the transmission of remittances from one place to another.
- **Western's Dictionary** Bank means the place when money is kept safely, open an account with any bank and make transaction with that bank is simply called as bank

II. TYPES OF BANKS

In 1935, the State Bank of India was passed, accordingly, The Imperial Bank of India was nationalized and State Bank of India emerged with the objective of extension of banking facilities on a large scale, specially rural and semi-urban area and for several of the public purposes. In 1980, six more were added on to constitute the public sector banks. Commercial Banks in India are classified in Scheduled Bank and Non Scheduled Banks. Scheduled Banks are including nationalized Bank, SBI and its subsidiaries, private sector banks and foreign banks. Non Scheduled Banks are those included in the second Scheduled of the RBI Act, 1934.

- **SCHEDULED BANKS**
  The second RBI ACT Schedule, establish a list of banks described as the Scheduled Bank. In RBI Act 1934, section 42(6) needs only Rs.5 Lakh. There are some privileges for Scheduled Banks. This suggests that scheduled banks have security and reputation worth in comparison to non-scheduled banks. This means receiving refinancing facilities as needed.

- **NATIONALIGED BANKS**
  There are 14 banks nationalized on 19 July 1969 and 6 more nationalized on 15 April 1980. They are still scheduled banks and the governments will continue to enact different welfare programs after the nationalization.

- **NON SCHEDULED BANKS**
  Commercial banks not included in the second schedule of the RBI Act are referred to as unplanned banks. They do not have the right of refinancing and rediscounting of bills etc. There are 18 people who loan money to receive bills and other agency programs. They insist on increased loan protection.

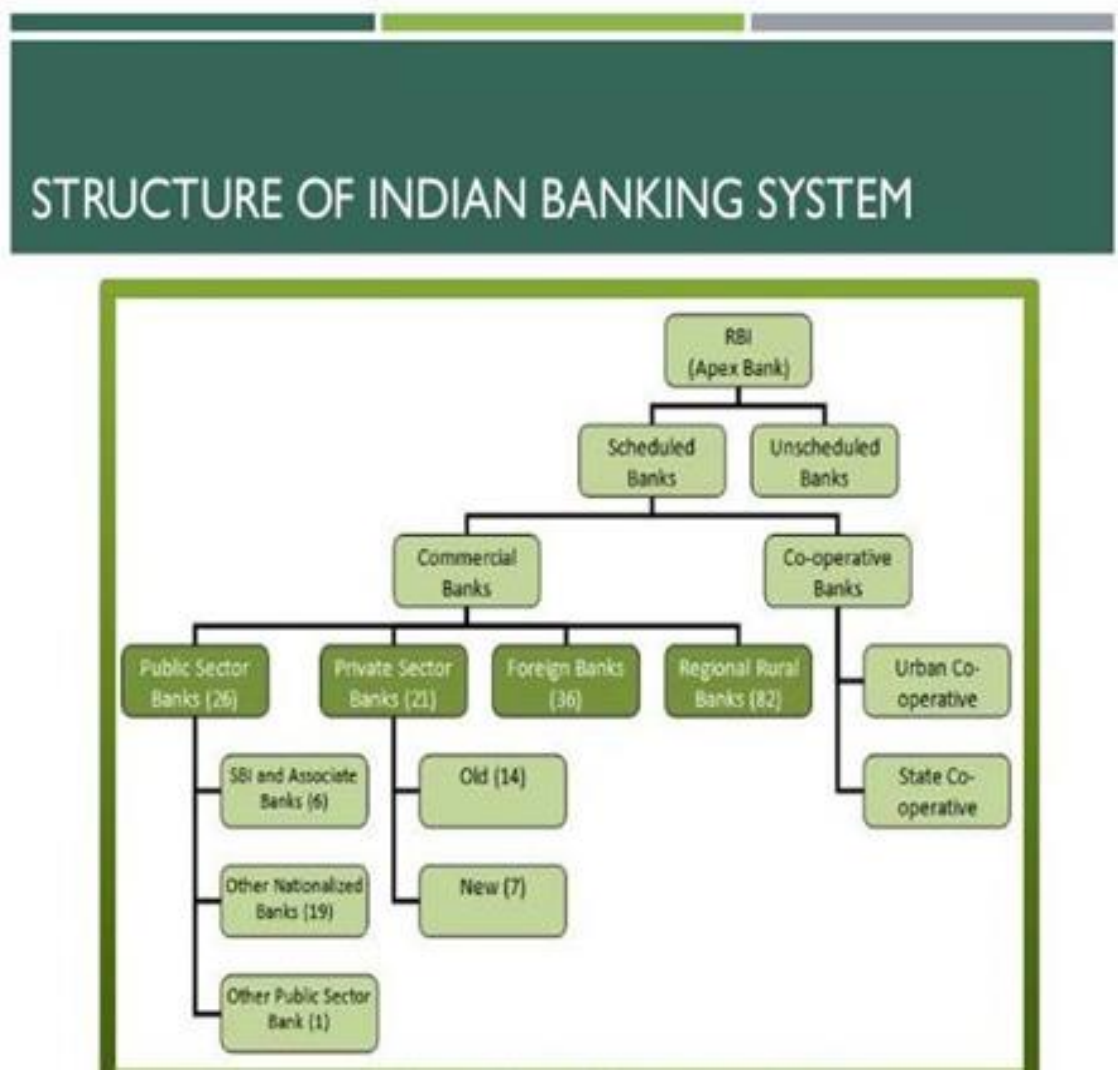

Fig1: Structure of Indian bank

- **NEW PRIVATE BANKS**
  These banks lead the Indian banking industry sector in a very short time due to its range of services and customer handling, as well as the prolonged working time and pace of services. This is also documented under the Act 1956 of the Company. There is a broad gap between old and modern private banks.
- **OLD PRIVATE BANKS**
  Both these banks are registered under the 1956 Company Act. His goal is to make a fundamental difference between co-operating banks. Co-operative banks are working with their member and private banks are working for their own benefit.

- **FOREIGN BANKS**
  Multi-country banks mean foreign banks. In the case of Indian foreign banks, those banks are located outside India, which open its branch office in India.
  E.g. bank HSBC, city bank, standard bank chartered etc.

- **CO- OPERATIVE BANKS**
  Co-Operational Banks Another part of The Indian bank was sat down with the creation of Co-operating Credit Societies because of the increasing demand for CCC (the new 1994 Act) which provides for the growing demand for CCBs by a union or a group of primary credit socialists and individuals.

III. TRADITIONAL BANKING FUNCTIONS

In very general terms, the traditional functions of a commercial bank can be classified under following main heads:

FINANCIAL AND BANKING SECTOR REFORMS
The last two decades have seen India's capital markets mature. Since 1991, every government in India has taken big measures to overhaul the country's financial sector. The main accomplishments in the following areas: Financial markets

- Regulators
- The banking system
- Non-banking finance companies
- The capital market
- Mutual funds
- Overall approach to reforms
- Deregulation of banking system
- Capital market developments
- Consolidation imperative

IV. SCOPE OF THE STUDY

The scope of this research study is as under.

- **Functional Scope:** Functional scope of this study is to analyze profitability of nationalized banks in India.
- **Geographical Scope:** In this study researcher selected 2 banks, which are providing services in India. So, whole India is geographical criteria for this research study.

The scope of the study is very wide. However, the researcher has selected India's leading Two Banks.

V. RESEARCH PARAMETERS

SIGNIFICANCE OF THE STUDY
— This study is applicable to the financial reports on the following important issues: — bis — It gives an impression of a practical approach or a description of implementation. Therefore, the value of the study is very strong. For scientists, businessmen and decision-makers additional insights may be useful.

SECONDARY DATA
The secondary data are those already obtained by someone else and transferred into the computational process. The researcher should determine which type of data he will use for his thesis and choose one or the other data collection process. Methods of primary and secondary data processing vary as primary data must initially be obtained, whereas the essence of the collection work is simply compiling in the case of secondary data. Secondary data means data available now, i.e. data gathered and processed by someone who already apply to. Secondary data can be published or unpublished. careful in using secondary data Interest earned also called interest

COMPRATIVE ANALYSIS

Reporting number. The ratio of a business's profits before interest and tax to its interest cost in a certain time. It is a solvency ratio that measures a company's ability to pay off its debts. The interim interest rate is in some respects considered a solvency measure, since it measures a company's ability to pay interest and loan services. Although these interest payments are mostly taken on a long-term basis, they are often seen as permanent and fixed expenses. As any fixed expenses, if they can't pay, the two banks will default and cease to exist. This ratio can also be used be regarded as a solvency ratio.

Bank and borrower revenue mostly came from commissions. Examples of non-interest revenue include investment and transaction costs, inadequate funds charges, yearly payments, fees for monthly account services, inactivity charges, search and deposit fees etc. Institutions incur charges to include non-interest profits to generate income and provide liquidity if default rates are raised. The Table No2 shows the fluctuating patterns shown by the NON INTEREST INCOME of the Two Nationalized Banks in India between 2004-2005 and 2013-2014. The disparity between the nominal return on lending and other interest-raising operations in a financial company and the average rate on deposits and bonds. The net interest rate differential is a primary determinant of the viability of a financial institution (or lack thereof). The net interest spread is simply like a profit margin. The higher the range, the more productive is the financial organization; the smaller the spread, the less profitable is the institution. Although the federal funding rate plays a major role in calculating the rate at which an agency gives immediate funds, free market activity inevitably influences the rate spread.
The profit margin ratio, also known as the sales income or gross income ratio, is the income ratio which calculates the sum of net income from a business' net income and its net sales for each dollar of income. In other terms, once the corporation covers its bills, the gross profit ratio reflects the sum of income. The stakeholders and investors use this ratio to measure how good a company will turn its earnings into net income. Investors want to guarantee that their income is sufficiently large to distribute dividends and creditors want to ensure that they have sufficient revenues to repay their debts. Internal management also utilizes the revenue return to determine potential development goals.

Table1: Interest Earned Ratio

YEAR	BANK NAME	
	DENA BANK	BANK OF BARODA
2004-2005	60.2	53.68
2005-2006	58.94	54.58
2006-2007	59.62	58.9
2007-2008	67.05	66.89
2008-2009	69.12	66.05
2009-2010	72.57	67.17
2010-2011	64.97	66.34
2011-2012	69.08	68.44
2012-2013	73.22	65.5
2013-2014	74.9	58.17
Average	66.96	62.57
Maximum	74.9	68.44
Minimum	58.94	53.68

Table2: Non Interest Income

YEAR	BANK NAME	
	DENA BANK	BANK OF BARODA
2004-2005	0.35	0.24
2005-2006	0.65	0.37
2006-2007	0.78	0.38
2007-2008	0.55	0.43
2008-2009	0.46	0.35
2009-2010	0.49	0.25
2010-2011	0.45	0.28
2011-2012	0.34	0.22
2012-2013	0.65	0.19
2013-2014	0.77	0.22
Average	0.54	0.29
Maximum	0.78	0.43
Minimum	0.34	0.19

Table 3 Interest Spread Ratio

YEAR	BANK NAME	
	DENA BANK	BANK OF BARODA
2004-2005	3.63	4.57
2005-2006	3.46	3.71
2006-2007	4.00	4.31
2007-2008	3.67	4.21
2008-2009	3.97	4.02
2009-2010	3.35	4.15
2010-2011	3.79	5.58
2011-2012	3.83	5.59
2012-2013	7.36	5.95
2013-2014	6.38	5.35
Average	4.34	4.74
Maximum	7.36	5.95
Minimum	3.35	3.71

Table 4 Net profit margin ratio

YEAR	BANK NAME	
	DENA BANK	BANK OF BARODA
2004-2005	3.11	9.77
2005-2006	3.85	10.76
2006-2007	8.30	10.22
2007-2008	11.61	10.38
2008-2009	10.95	12.86
2009-2010	11.17	15.37
2010-2011	11.07	17.17
2011-2012	11.04	15.12
2012-2013	8.48	11.54
2013-2014	5.06	10.46
Average	8.46	12.36
Maximum	11.61	17.17
Minimum	3.11	9.77

Table No 3 and fluctuations demonstrated by the two nationalized banks chosen in India from 2004-2005 to 2013-2014 in the NET PROFIT MARGIN RATIO.

Table 5 Return on long term return

YEAR	BANK NAME	
	DENA BANK	BANK OF BARODA
2004-2005	111.51	76.67
2005-2006	96.51	66.45
2006-2007	115.45	81.71
2007-2008	134.54	91.52
2008-2009	56.65	103.70
2009-2010	150.33	99.27
2010-2011	120.51	89.02
2011-2012	130.47	92.37
2012-2013	130.96	89.81
2013-2014	108.24	90.23
Average	125.51	88.07
Maximum	156.65	103.7
Minimum	96.51	66.45

A ratio showing the financial leverage of a business as long-term debt separated by resources available: conceptual framework of financial efficiency and profitability. Financial Performance is the chance to earn a return on a specified expenditure. It is an effective method not just for evaluating business growth, but also for assessing overall output.

Seven types of instruments for financial results estimation on different profitability, operating and financial ratios is discussed in this study.

RATIO INTEREST Earned The interest rate won over the study duration showed an average of 64.11 Dena Bank of 66.92%, and Baroda Bank of 62.29%. T-Test indicates that there was a significant interest rate difference between the two selected banks. Since the measurement value of the T-Test was greater than the value of the table. The null hypothesis was thus rejected and alternatives approved. Non-internal rate entry The non-interest profits of selected banks during the study period is an average of 0.60%. The average Dena bank shows 0.46% and the average Baroda Bank is 0.29%. T-Test reveals that the non-interest income ratio is slightly different in the selected two banks. Because the estimation value of the T-Test is greater than the tabulation value. So, zero. Nothing. The hypothesis was dismissed and alternatives were approved. · CHANGE SPREAD **RATIO** The proportion of chosen banks displayed an average of 6.36% during the study period. Dena Bank is 4.07% on average and Baroda Bank is 4.59% on average. T-Test indicates that there was a significant difference in the distribution ratio of the two selected banks. Although the calculation value for the T-Test was less than the table value. Null hypotheses were then acknowledged and alternate hypotheses were rejected. NET PROFIT NET MARGIN In the sample timeframe the net profit margin of selected banks shows an average of 10.26 percent. Dena Bank is an average of 5.06% and Baroda Bank is an average of 10.40%. T-Test reveals that in the two banks selected the operating profit margin ratio was slightly different. The estimation value of the T-Test was below the table value. Therefore, zero theories were believed and alternate hypotheses were rejected. TERM RETURN LONG The long-term return on chosen banks over the study period averaged 182.71%. Dena Bank has an average of 133.75% and Baroda Bank has an average of 97.93%. T- Test reveals that the long term return ratio of the two banks selected was substantially different. Because the calculation significance of the T-Test was higher than the value of the tabulation. Null hypothesis was thus dismissed and alternatives were approved.

VI. CONCLUSION

Profitability is an indicator of the ability of organisations to convert their financial capital into relevant project operations. Financial productivity is ideal in all human mission organizations. Profitability calculates the intensity of an enterprise's assets for the production, buying, pricing, finance, and selling of gross revenues and the efficiency of decisions. Profitability at the micro-level refers to the quality with which services are properly distributed to competing needs at a time. Profitability is an indicator of how good a company has

In order to meet many challenges successfully to continue to grow and strengthen the bank sector, the banks in India must focus to ensure greater financial stability. • The Bank must build a strategic RRBS alliance to open rural branches and increase use of technology to enhance products and services.

The banking sector in India needs to shift to a retail market oriented structure to provide the sound basis for a market-based functioning banking system.

Public sector banks needed to implement new IT technology within a limited span of time. 5. All banks need to expand rural branches. 5.

Needs new goods and services according to consumer requirements and expectations.

The Indian banking sector would require an information framework for risk control and better management of credit portfolios. 8. In order to eliminate problems, the banks should expand the technologies used in different altnernate networks.

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