



Financial Performance of Corporation Bank before Amalgamation with the Union Bank of India

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ABSTRACT:

The Indian public sector Banks are some of the biggest Financial Lending Sectors, they are the life blood of Indian Economy. They play a dynamic role in accelerating the economic growth rate in India banks are considered as leaders of development of the country. Public sector Banks are pillars of Indian Financial Market. The present study is an attempt to measure the financial performance of a Public Sector Bank of India i.e. the Corporation Bank. This study is purely based on secondary data and different mathematical tools have been applied to evaluate the financial performance of the Corporation Bank. This study highlights, the overall performance of the bank in terms of liquidity Total Income, Total Assets, Total Deposits are showing positive trends during the study period from 2015 to 2020, Even though in recent years the Total Operating Expenses position of the bank has been increasing continuously. This paper examines the determinants of financial performance of corporation bank in India. In order to investigate the determinants of financial performance before amalgamation with Union Bank of India.

Key words: Finance, Bank, Performance, Deposits, Assets.

1. INTRODUCTION

Financial performance analysis of Corporation banks has been of great interest to academic research since from the Second nationalization, the financial sector is the backbone of economy of a country. It works as a facilitator for achieving sustainable economic growth through providing efficient monetary intermediation. A strong financial system promotes investment by financing productive business opportunities, mobilizing savings, efficiently allocating resources and makes easy the trade of goods and services. The Bank has 49 Designated Branches and one Forex Hub at Bangalore, which cater to the foreign exchange business. During 2019-20, scheduled commercial banks (SCBs) registered a robust performance characterized by improved asset quality, stronger capital and provision buffers, and return to profitability after a gap of two years. These improvements continued in H1:2020-21 even in the face of the pandemic, aided by the moratorium, the standstill in asset classification and restrictions on dividend pay-outs. While the Insolvency and Bankruptcy Code (IBC) remained the dominant mode of recovery, recovery rate of the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI) channel also improved. Going forward, with gradual rollback of policy measures, deterioration in asset quality may pose challenges, although build-up of buffers like COVID-19 provisions and capital rising from market may help alleviate the stress.

LITERATURE REVIEW

Mustafa and Taqi (2017) evaluate the financial performance of the second largest public sector Bank of India i.e. Punjab National Bank. This study was based on secondary data and different ratios had been applied to evaluate the financial performance of the bank along with regression analysis. This study concluded that the PNB had performed well on the sources of growth rate and financial efficiency but profitability position had been found poor during the study period

Rose Belin (2016) 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, and capital size of labor cost. A detailed analysis of assets, Profitability and retained earnings, fixed assets, and working capital was made for each influencing factor.

Sunil Article (2015) examined negative growth in first quarter of 2015 has analyzed the performance of Corporation Banks both in India and Bangladesh in comparison, also made with regard to cost and other aspects in USA, UK and Srilanka.

SCOPE OF THE STUDY

This study is undertaken to measure the financial performance of Corporation Bank. The study provides details about the growth of deposits and advances, profitability analysis of Corporation Bank. It is hoped that the result of this study, will propose policy measures for better performance of the bank in order to achieve financial goals

OBJECTIVES OF STUDY

1. To examine the Profitability Position of the Corporation Bank before amalgamation.
2. To examine the Business Performance of the Corporation Bank before Amalgamation.
3. To Analyze Deposits, Lending, Investments, Total Income, Interest, Operating Expenses and Profits of The Corporation Banks before Amalgamation.

LIMITATIONS OF STUDY

1. The present study is limited to Corporation Bank. before amalgamation
2. This study is limited only to a five year time period (2015-2016 to 2019-20).
3. The study is based only on secondary data which has been collected from published annual reports of banks and various relevant internet sources.

RESEARCH METHODOLOGY

In the present study, an attempt has been made to evaluate the financial performance of Corporation Bank. The secondary data has been considered for the purpose of Financial Performance analysis of Corporation Bank. The data used in the present study, has been taken from published annual reports of the Corporation Bank. Other relevant data was collected from journals, newspapers, magazines and internet sources. The present study is conducted for the period of five years ranging from 2015-16 to 2019- 20. collected the data on Total Deposits, Total Advances, Total Business, Total Assets, Capital and Net Profit are the variables used for this study.

Financial Performance of the Corporation Bank from 2015-2020

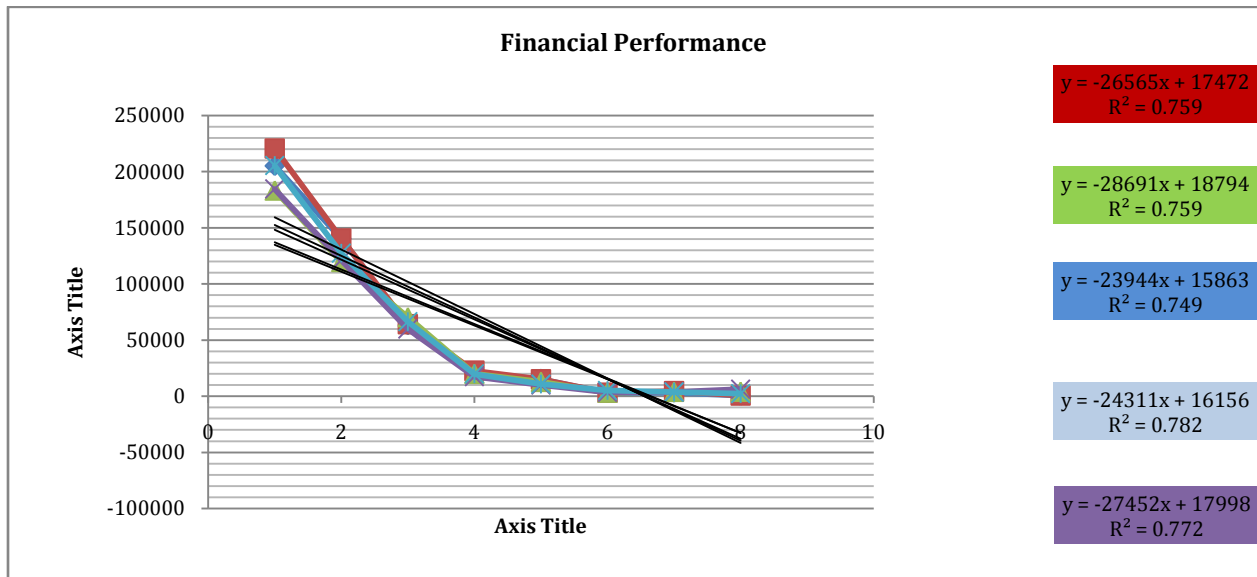
Table No -01

Corporation Bank Financial Performance					
Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Deposits	205170.84	220559.62	183315.94	184567.84	205354.78
Advances	140322.24	140356.79	119686.83	121251.20	127399.05
Investments	63280.64	64072.98	70349.75	59979.19	66432.43
Total Income	21146.40	22561.78	19941.41	17494.69	19919.77
Interests Expended	15171.78	15020.46	12790.10	10114.16	10942.09

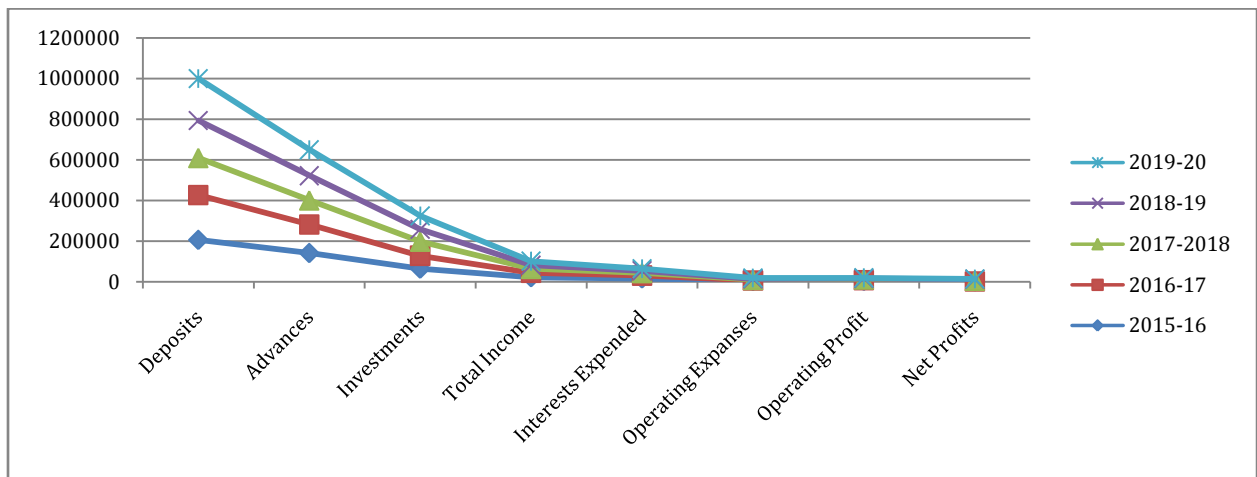
Operating Expenses	2879.60	3101.79	3200.88	3486.06	5175.19
Operating Profits	3095.02	4439.53	3950.41	3894.46	3802.49
Net Profits	506.48	561.21	4053.94	6332.98	2391.59

(Sources: Annual Reports From 2015-2020)

Graph No-01



Graph No-01



Analyses and Interpretations:

From the above Graph-01, it can be observed that the total deposits of Corporation Bank have increased throughout the study period except during 2017-18 and 2018-19. Advances decreased from 2015-16 To-2019-20, the Total Investment increased from 2015-16 to 2019-20 except in

2018-19. The overall Total Income reduced from 2015-16 to 2019-20, the interests reduced continuously from 2015-16 to 2019-20, the operating expenses, operating profit and net profit increased continuously from 2015-16 to 2019-20.

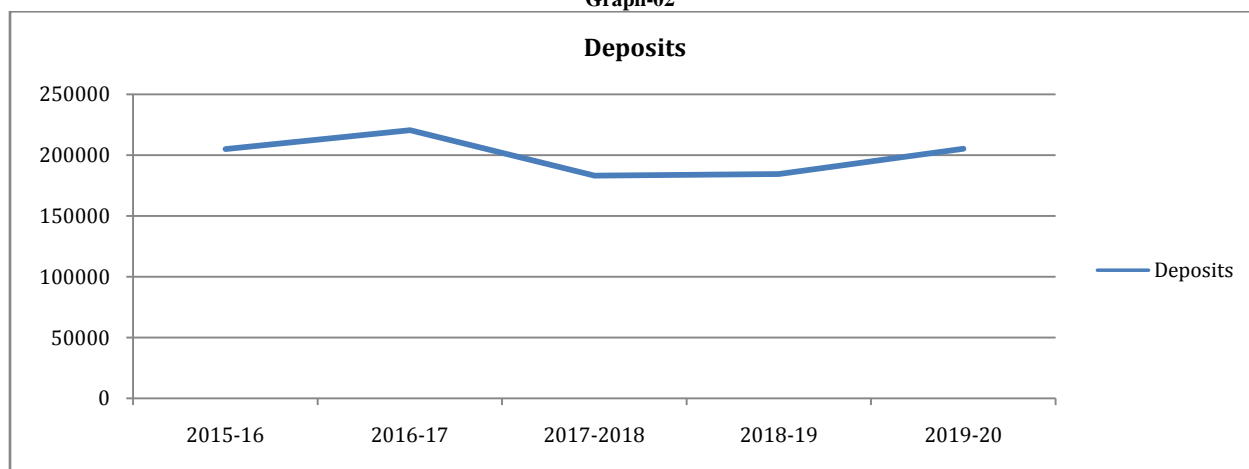
Year wise Deposits from 2015-2020

Table No-02

Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Deposits	205170.84	220559.62	183315.94	184567.84	205354.78

(Sources: Annual Reports From 2015-2020)

Graph-02



Analyses and Interpretations:

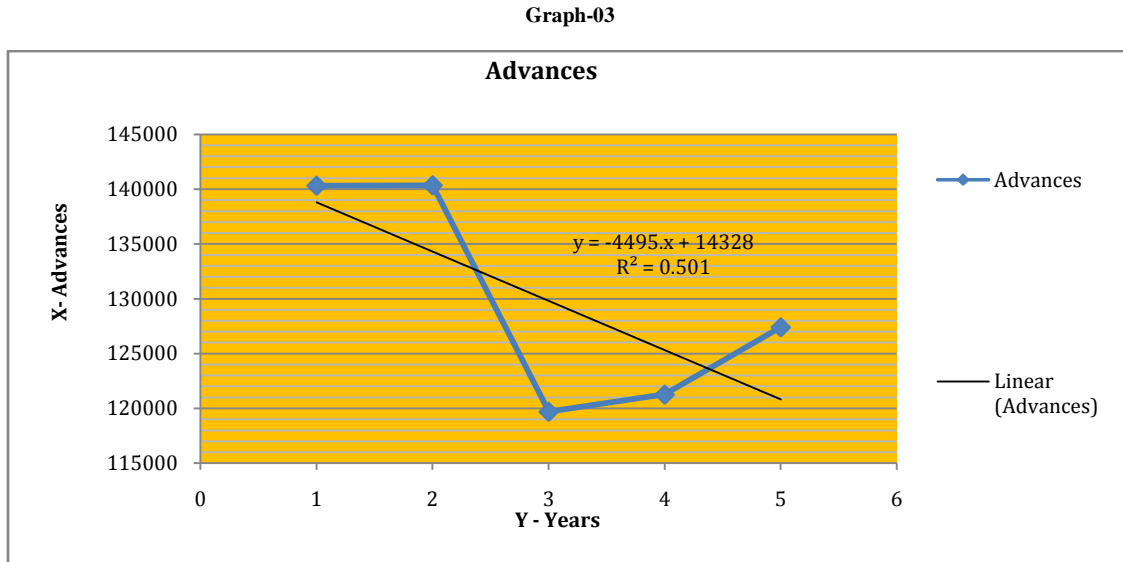
Graph-02 shows the trend of Total Deposits of Corporation Bank from 2015-16 to 2019-20. Total deposits of the bank were Rs.205170.84 crore in 2015-16, in the year 2016-17 amount of deposits increased to 220559.62 crore, and declined in 2017-18 to 183315.94 crore, in the year 2018-19 further reduced to 184567.84 compare to 2016-17 year, deposits increased again in the year 2019-20. From the above graph, it may be concluded that the bank has need to improve efficiency to attract deposits from the public.

Year wise Advances from 2015-2020

Table No-03

Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Advances	140322.24	140356.79	119686.83	121251.20	127399.05

(Sources: Annual Reports From 2015-2020)



Analyses and Interpretations:

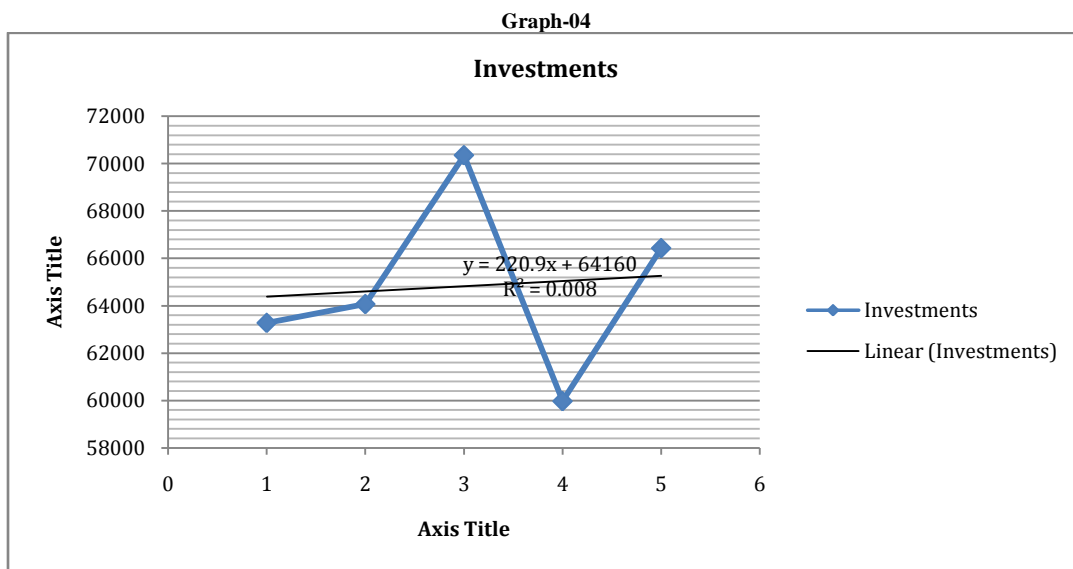
Graph-03 shows the Y Axis is -4495, X- axis is + 14328 and R² is =.0501, Trend of Total Advances of Corporation bank in the years 2015-16 of 140322.24 and 2016-17 amounts were increased to and 140356.79, but advances of the bank were reduced to Rs.119686.83 crore in 2017-18, in the year 2018-19 amount of advances increased to 121251.20 crore, in 2019-20 the amount increased to 127399.05 crore, from the above graph, it may be concluded that the bank has need to improve efficiency of advances.

Year wise Investments from 2015-2020

Table No-04

Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Investments	63280.64	64072.98	70349.75	59979.19	66432.43

(Sources: Annual Reports From 2015-2020)



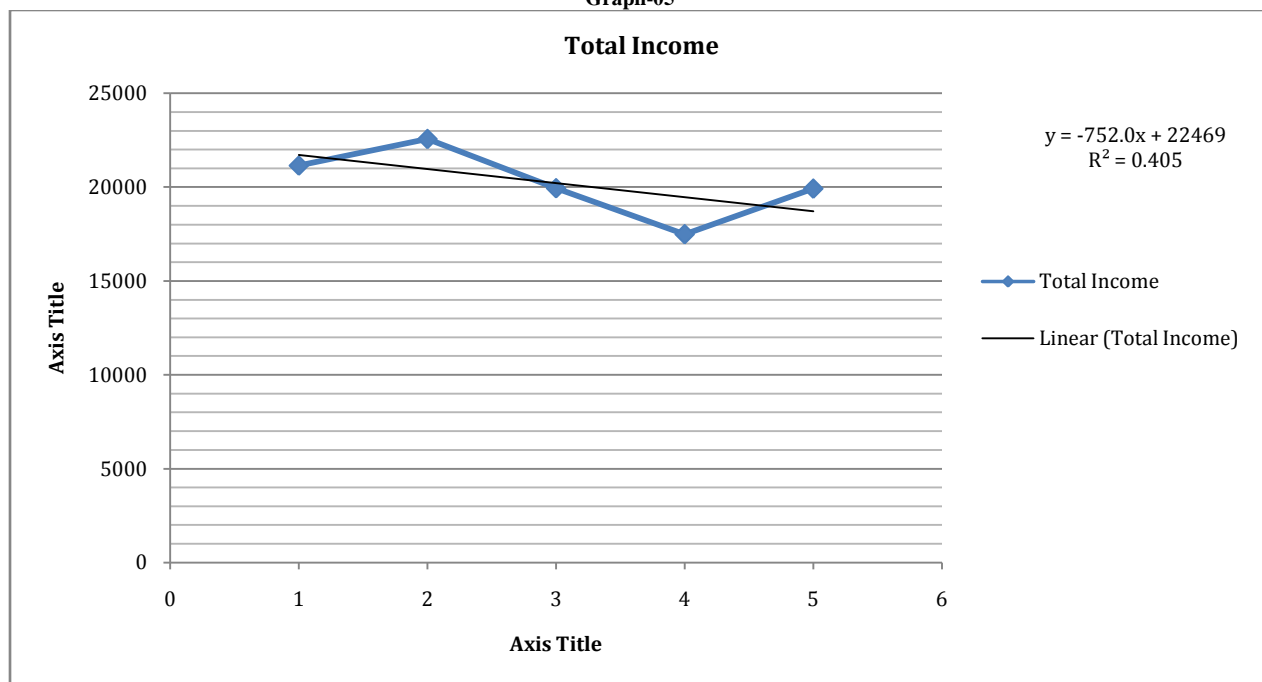
Analyses and Interpretations:

Graph-04 shows Y axis is -220.9, X axis + 64160, R2 Value is = 0.008, it shows the trend of total Investments of Corporation bank from 2015-16 to 2019-20. Total Investments of the bank were Rs.63280.64 crore in 2015-16, in the year 2016-17 amount of investments increased to 64072.98 crore, in the year 2017-18 increased to 70349.75 crore, in the year 2018-19 reduced to 59979.19 crore, compared to 2015-16 to 2017-18 years, overall investments were reduced. The investments increased again in the year 2019-20 of 66432.43 crore, from the above graph, it may be concluded that the bank has need to improve efficiency of Investments.

Year wise total Income from 2015-2020**Table No-05**

Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Total Income	21146.40	22561.78	19941.41	17494.69	19919.77

(Sources: Annual reports from 2015-2020)

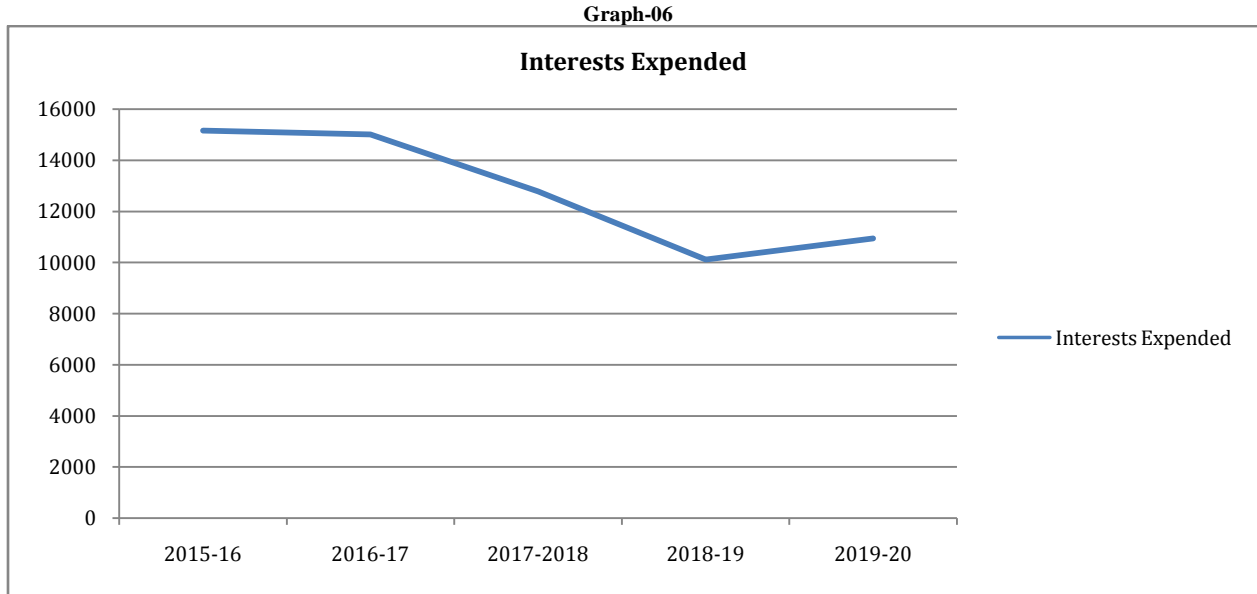
Graph-05**Analyses and Interpretations:**

Graph-05 shows the trend in total income of the Corporation bank from 2015-16 to 2019-20. Total income of the bank were Rs.21146.40 crore in 2015-16, in the year 2016-17 amount of income increased to 22561.78 crore, in the year 2017-18 decreased to 19941.41 crore, in the year 2018-19 reduced to 17494.69 crore, in the year 2019-20 total income increased 19919.77 crore, compared to 2018-the overall total income increased from year to year. From the above graph, it may be concluded that the bank has need to improve efficiency of total income earning continuously.

Year wise total Interest expanded from 2015-2020**Table No-06**

Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Interests Expended	15171.78	15020.46	12790.10	10114.16	10942.09

(Sources: Annual Reports From 2015-2020)



Analyses and Interpretations:

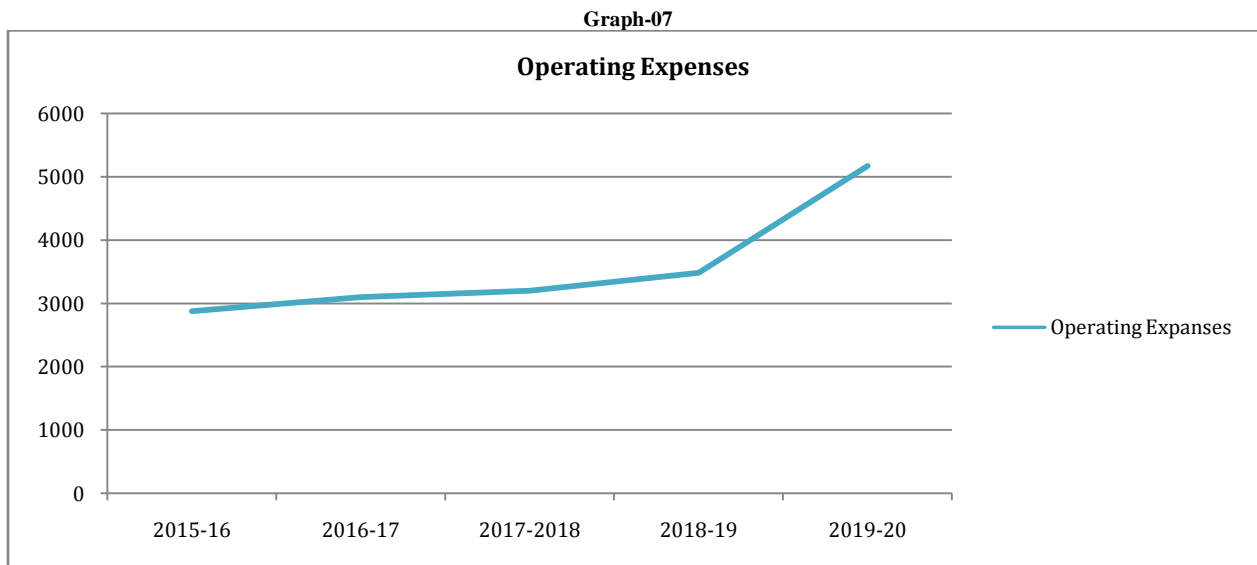
Graph-06 shows the trend of total interest expended by the Corporation bank from 2015-16 to 2019-20. Total interest expended of the bank was Rs.15171.78 crore in 2015-16, in the year 2016-17 amount of interest expended reduced to 15020.46 crore, in the year 2017-18 again reduced to 12790.10 crore, in the year 2018-19 reduced to 10114.16 crore, in the year 2019-20 the amount of total interest expended increased to 10942.09 crore. The overall total interests expended were decreasing year by year. From the above graph, it may be concluded that the bank had decreased the total interest expended continuously.

Year wise Total Operating Expenses from 2015-2020

Table No-07

Year/Banks	2015-16	2016-17	2017-2018	2018-19	2019-20
Operating Expenses	2879.60	3101.79	3200.88	3486.06	5175.19

(Sources: Annual Reports From 2015-2020)



Analyses and Interpretations:

Graph-07 shows the trend Of Total Operating Expenses of the Corporation Bank from 2015-16 to 2019-20. Total Operating Expenses of the bank were Rs.2879.60 crore in the year 2015-16, in the year 2016-17 amount of the Operating Expenses increased to Rupees 3101.79 crore, in the year 2017-18 again increased to Rupees 3200.88 crore, in the year 2018-19 increased to Rupees 3486.06 crore, in the year 2019-20 the amount of Total Operating Expenses increased to 5175.19 crore. The overall Total Operating Expenses were increasing year by year. From the above graph, it may be concluded that the banks Total Operating Expenses continuously increased.

CONCLUSION

The Financial Performance of Corporation Bank before Amalgamation with the Union Bank of India” The Corporation Bank’s financial position is satisfactory. Deposits, advances, investments, total income, interest expended, operating expenses and operation profit is satisfactory position. The banks should be taken good steps, to provide more advances and loans to earn more profit in future. The government policy has encouraging in spite of several countries with their business operation before amalgamation with the union bank of India. It is earnestly hoped that, Government of India would take all the necessary steps to strengthen the business of the Corporation Bank. The overall financial performance of the Corporation Bank from 2016-2017 to 2019-20 is in good condition.

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