



A Study on Financial Performance of Loans and Advances

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ABSTRACT:

In this present era of Liberalization, Privatization and Globalization the Market has become globally competitive; hence the survival of an enterprise depends upon the efficiency and accuracy. Hence, it is necessary to evaluate the financial performance to know whether the companies stand in the market and how they can improve further in the future by knowing their shortcomings.

Loans and advances are the most important aspect of any banking organization. Loan is a type of debt. Like all debt instruments, a loan entails the Redistribution of financial assets over time. The borrower initially receives an amount of money from the lender, which they pay back, usually but not always in regular instalment, to the lender. This service is generally provided at a cost, referred to as interest on the debt.

INTRODUCTION:

In the words of Myers financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and study of the trend of these factors as shown in a series of statements.

The purpose of financial analysis is to diagnose the information contained in financial statements so as to judge the profitability and financial soundness of the firm.

The Ratio Analysis is most powerful tools of financial analysis. It is the process of establishing and interpreting various (quantitative relationship between figures and groups of figures). It is with the help of ratios that the financial statements can be analysed more clearly and decision made from such analysis.

REVIEW OF LITERATURE:

MEANING OF FINANCE PERFORMANCE ANALYSIS:

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis.

SIGNIFICANCE OF FINANCIAL PERFORMANCE ANALYSIS:

Interest of various related groups is affected by the financial performance of a firm. Therefore, these groups analyse the financial performance of the firm. The type of analysis varies according to the specific interest of the party involved.

- Trade creditors: Interested in the liquidity of the firm (appraisal of firm's liquidity)
- Bond holders: Interested in the cash-flow ability of the firm (appraisal of firm's capital structure, the major sources and uses of funds, profitability over time, and projection of future profitability)
- Investors: Interested in present and expected future earnings as well as stability of these earnings (appraisal of firm's profitability and financial condition)

LOANS AND ADVANCES

Every business organization or banking services as their aim to earn profits by rendering services

LOANS:

A loan is kind of advance made with or without security. In the case of a loan the bank makes a lump sum payment to the borrower or credits his deposit account with the money advanced.

Bank help in borrow the amount when needed repayment of the amount with an interest rate to bank for credit. The purpose of Barrowing and repayments as —loans and Advances!

Short-term loans:

Short- term loans are granted to meet the working capital needs of the borrowers.

Long term loans: Long term loans are usually called Term loans. These loans are granted for more than a year and are meant for purchase of capital assets for the establishment of new units& for expansion or diversification of an existing unit.

Advances:

Granting of advances is the primary function of a bank a major portion of its funds is used for this purpose and this is also major sources of banks income.

OBJECTIVES OF THE STUDY

The objective of the study of loans and advances are:-

1. To assess the past, present and future earnings capacity profitability.
2. To study financial stability of the bank.
3. To assess the performances of the bank.
4. To know the key performances indicators focused by bank especially on loans and advances.
5. To study the operational efficiency of the bank as a whole and its various parts of departments.
6. To know the key performance achieved the recovery of loans & advances..

LIMITATIONS OF THE STUDY

- The current study is limited to IDBI Bank.
- Time is important limitations.
- The whole study was conducted is in a period of time
- Loans and advances is based on understand easy to calculate. Therefore, there has been tendency to over the agriculture loans detail.
- Loans and advances is a based information on the preparing for bankers in balance sheet for the account holder monthly instalments and rate of interest collect the data for bankers in guiders for the bankers banks for RBI bank for rules and regulations for the, and the every bankers bank for RBI bank.

RESEARCH METHODOLOGY

This study is made through two sources

Primary Data: The primary data comprises information collected during discussions with Heads of Departments and from the meeting with officials and staff.

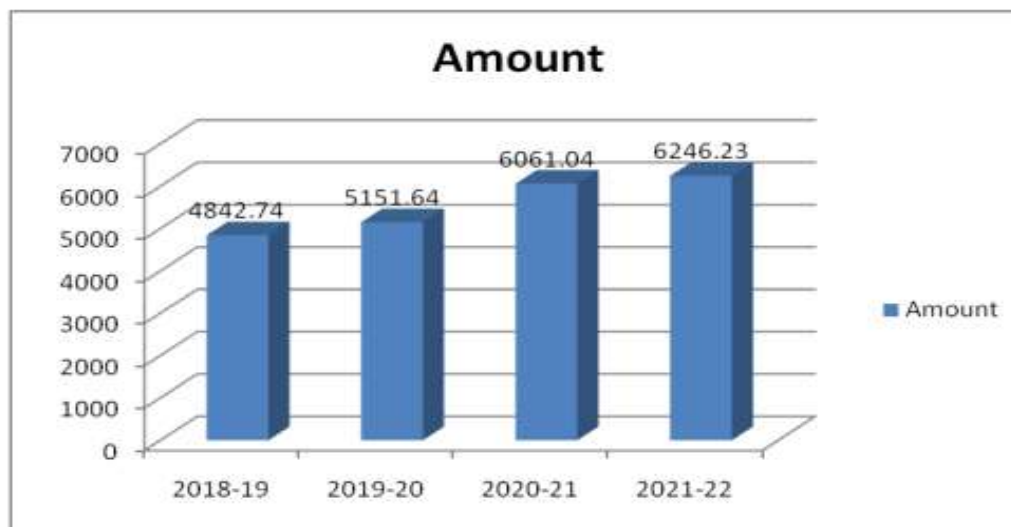
Secondary Data: The secondary data has been collected from information through Annual reports, Public report, Bulletins and other printed Materials supplied by the Company.

DATA ANALYSIS AND INTERPRETATION:**ANALYSIS OF LOANS AND ADVANCES:**

Short Term Agricultural Loans:

TABLE NO 4.1

Years	2018-19	2019-20	2020-21	2021-22
Amount	4842.74	5151.64	6061.04	6246.23

**GRAPH NO 4.1****Interpretation:**

The above graph is showing the amount sanctioned by the bank towards short term agriculture loans. Every year bank participation in the helping of the formers by giving more amounts to them. In the year 22-23 an amount of 6246.23 lakhs disbursed to the formers. Nearly 185.19 lakh rupees additional amount is given for short term agriculture sector in comparison with the last year.

FINDINGS

- Except other loans remaining all the loans are increased in the current financial year. It showing bankers participation in the development program of the district.
- In short term agricultural loans capital increases to 4842.74 to 6246.23 in last 4 year
- In loan term irrigation loans it is observed that in comparison with the last year the total amount of loan given to sector is decreased by 1916.3 lakh rupee.
- Capital of the company increased in the current year as it is compared with last 4 years.
- Out of the 8500 lakhs deposits target collection so far banker's collection of deposits reached to 7816.05 lakhs. This is almost attainment of the target what bank is targeted to achieve.
- Total 8988 new members were joined in the current financial year and they got a sum of 924 lakhs as loans.

SUGGESTIONS

- Customer awareness program is required so that more people should attract towards advance product.
- If there are any kind of hidden charges than that must disclose to customer before giving loan to them.
- SBI must take some steps so that customers can get their loan in time. Like phone verification by customer care that one customer is got their loan on time or not .It must be before a certain date so necessary steps can be taken.
- IDBI should more concern about physical verification rather than phone verification so it will avoid fraud or cheating.
- Advance product selling agents must not give any type of wrong information regarding advance product.
- IDBI customer care should more concern about the fastest settlement of customer problems.

CONCLUSION

The main issue in the new millennium is to reorient the structure functioning and management of the cooperative institutions. There should be a well-conceived action programme to provide specific guide points to cooperative in the areas of professionalism and efficiency induction of modern technology. Systematic training through effective interplay of inter cooperative relationship mobilization of resources and enhancing participation of members in decision making process and reducing dependence Gove assistance. The failure of certain banks in achieving their objectives cannot be looked as isolated issue.

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