

“Study On Trend Analysis And Financial Performance Of Selected Public Sector Banks In India”

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ABSTRACT

Banking as a major part of the financial sector, is the life blood of the economy. It plays a decisive role in accelerating the rate of economic growth. The importance of commercial banks in the process of economic development has been stressed from time to time by the economic thinkers and progressive bankers in the country. Banks are the heart of our financial structure. Banks play a positive role in the economic development of a nation as depositories of community's savings and as purveyors of credit. Indian banks have aided the economic development during the past fifty-eight years in an effective way. The banking sector has shown remarkable responsiveness to the needs of planned economy. The purpose of the study is to understand trend analysis and financial performance of selected SBI and BOB public sector banks in India. The period of study would be ten years during 2010-11 to 2019-20.

Keywords: Pubic sector Banks, financial Trend, Financial Position

1. INTRODUCTION

A well planned, organized, efficient and viable banking system is a necessary concomitant for the economic development of a nation. Banking occupies a crucial place in undertaking the development effort and acts as a vehicle for socio-economic transformation. In a modern economy, income is partly spent for consumption and partly saved and much of the saving is channelized into investment via a variety of financial intermediaries. In India, the commercial banks constitute the heart of the financial structure since they have the ability to add to the money supply and thus create additional purchasing power. As an important segment of the tertiary sector of our economy, commercial banks act as the back-bone of economic growth and prosperity by playing an all-pervasive role as a catalyst of development. Hence, the PSBs had to be the prime-movers and leaders for the achievement of the socio-economic objectives of

our economy. In the post-nationalization period, there has been a perceptible change in the structure, composition and direction of Public Sector Banking in India. Its progress in quantitative and qualitative terms has been phenomenal. Besides, a massive qualitative change in the operations of banking system, Public Sector Banks have been called upon to assume a great variety of new responsibilities in the area of social banking. Moreover, PSBs have made conscious efforts to become an engine of growth by undertaking a number of innovative activities.

1.1 Trend Analysis

Trend analysis is the widespread practice of collecting information and attempting to spot a pattern. In some fields of study, the term has more formally defined meanings. Trend analysis is a technique used in technical analysis that attempts to predict future stock price movements based on recently observed trend data. Trend analysis uses historical data, such as price movements and trade volume, to forecast the long-term direction of market sentiment. If a trend is stable and steady over a period of time, it indicates consistency and invokes more certainty than a trend that is drastically changing positions. However, inconsistent trends might be more attractive to some investors who analyze certain external factors contributing to the radical trend changes. High risk usually involves chances of high rewards. Investors and business managers use this information to make data-driven decisions and improve strategies.

Trend analysis is computed using numerical data. This information is usually historical data, either traditional data in the form of a company's performance taken from its public financial statements or alternative data, such as the number of job postings of a competitor in the past five years. When adding numerical data to a chart, you will be able to identify three types of trends. Revenue and cost information from a company's income statement can be arranged on a trend line for multiple reporting periods and examined for trends and inconsistencies. For example, a sudden spike in expense in one period followed by a sharp decline in the next period can indicate that an expense was booked twice in the first month. Thus, trend analysis is quite useful for examining preliminary financial statements for inaccuracies, to see if adjustments should be made before the statements are released for general use.

2. RESEARCH METHODOLOGY

This research is descriptive and quantitative in nature as it is studying the current financial status of the selected banks. The yearly financial data of State Bank of India and Bank of Baroda from 2010-11 to 2019-2020 were collected from the financial websites. For the data analysis purpose, the net profitability ratio has been calculated and compare their financial performance

2.1 RESEARCH OBJECTIVE

The financial reports of public banks during the pandemic were analyzed to shed light on the banks' current financial condition. As a result, the study's primary goal is to look at India's banking sector's financial success over the last ten years, from 2010-11 to 2019-20. The study also aims to identify the key factors that affect bank performance, as well as to identify the best banks based on their financial results over a fixed period of time.

- To study the trend analysis of SBI and BOB selected public sector banks in India.
- To find the financial position of SBI and BOB selected public sector banks in India.

2.2 Statistical Tools:

In this study statistical tools like arithmetic mean have been used to calculate the average and standard deviation to gauge the financial position of public sector banks in India.

3. DATA ANALYSIS AND INTERPRETATION

Table 3.1 Trend Analysis of Selected Ratio of State Bank of India from 2010-11 to 2019-20

Year	NET PROFIT	NIM	ROA	ROE	Asset Turn Over
2010-11	9.83	2.63	0.64	12.80	-1.39
2011-12	10.75	2.63	0.83	14.44	-0.75
2012-13	10.90	2.42	0.83	14.32	-0.66
2013-14	7.66	2.23	0.59	9.61	-0.97
2014-15	8.42	2.22	0.62	10.53	-1.17
2015-16	5.77	2.06	0.39	6.82	-1.30
2016-17	-0.16	1.98	0.00	0.13	-1.99
2017-18	-1.82	1.93	-0.12	-2.21	-2.26
2018-19	1.21	2.08	0.05	0.98	-1.89
2019-20	6.73	2.09	0.47	8.69	-1.90
Mean	5.93	2.23	0.43	7.61	-1.43
SD	4.62	0.25	0.34	6.05	0.56

(Source: moneycontrol.com)

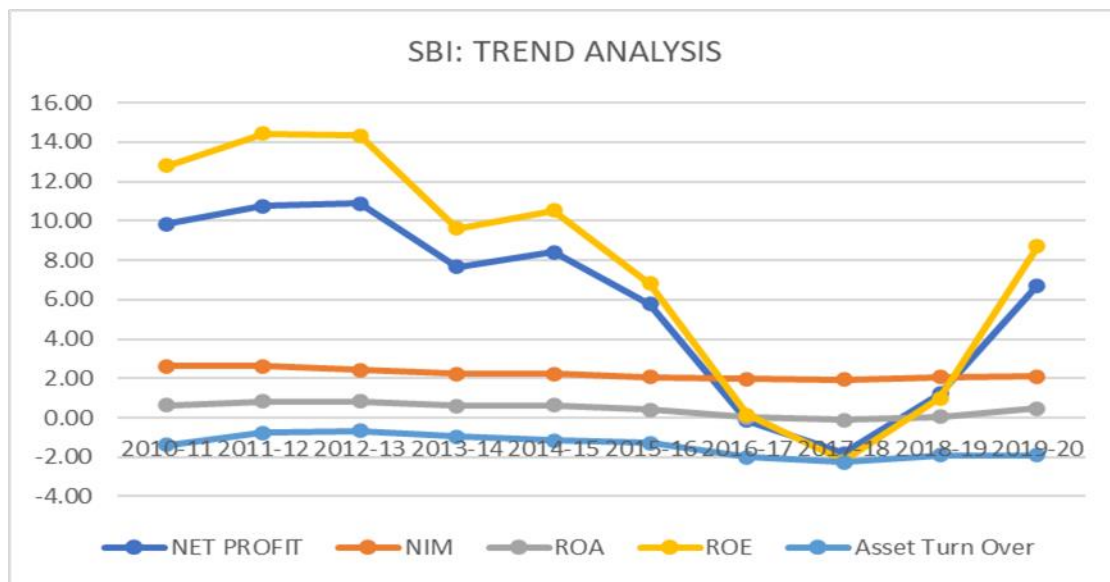


Figure 3.1 Trend Analysis of Selected Ratio of State Bank of India from 2010-11 to 2019-20

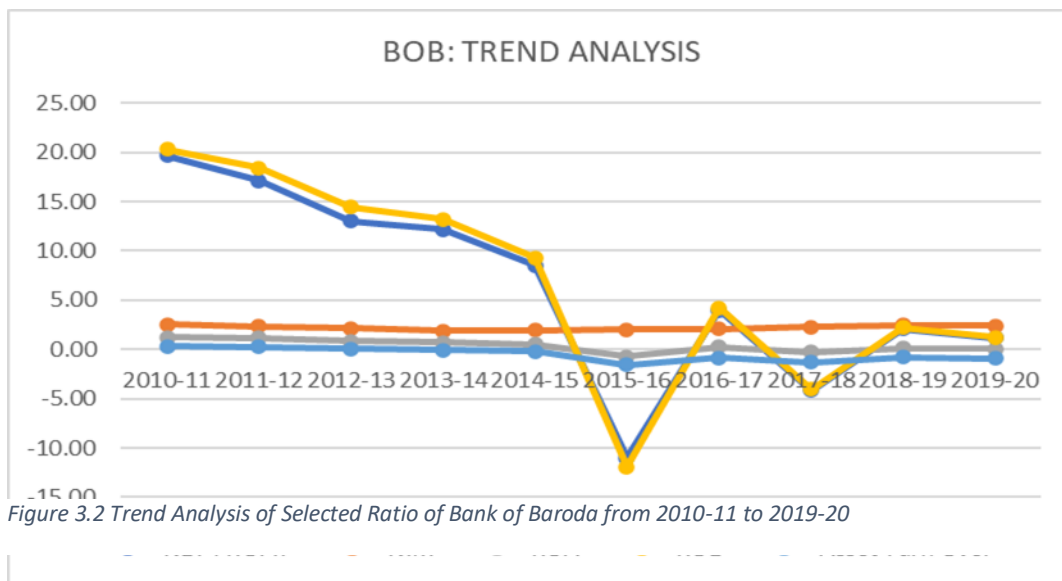
Interpretation: Above Table and Figure 3.1 shows that,

1. The Mean value of Net Profit Ratio is ₹ 5.93. The higher Net profit in the year 2010-11 to 2014-15, 2019-20 and lower Net profit in the year 2015-16 to 2018-19 during the time period 2010-11 to 2019-20 of SBI Bank.
2. The Mean value of NIM Ratio is ₹ 2.23. The higher NIM in the year 2010-11 to 2013-14 and lower NIM in the year 2014-15 to 2019-20 during the time period 2010-11 to 2019-20 of SBI Bank.
3. The Mean value of ROA Ratio is ₹ 0.43. The higher ROA in the year 2010-11 to 2014-15, 2019-20 and lower ROA in the year 2015-16 to 2018-19 during the time period 2010-11 to 2019-20 of SBI Bank.
4. The Mean value of ROE Ratio is ₹ 7.61. The higher ROE in the year 2010-11 to 2014-15, 2019-20 and lower ROE in the year 2015-16 to 2018-19 during the time period 2010-11 to 2019-20 of SBI Bank.
5. The Mean value of Asset Turn Over Ratio is ₹ (-1.43). The higher Asset Turn Over in the year 2010-11 to 2015-16 and lower Asset Turn Over in the year 2016-17 to 2019-20 during the time period 2010-11 to 2019-20 of SBI Bank.

Table 3.2 Trend Analysis of Selected Ratio of Bank of Baroda from 2010-11 to 2019-20

Year	NET PROFIT	NIM	ROA	ROE	Asset Turn Over
2010-11	19.62	2.50	1.21	20.31	0.30
2011-12	17.10	2.35	1.14	18.40	0.24
2012-13	13.03	2.13	0.85	14.43	0.04
2013-14	12.18	1.90	0.73	13.21	-0.09
2014-15	8.53	1.95	0.53	9.30	-0.22
2015-16	-11.03	1.98	-0.73	-11.92	-1.59
2016-17	3.99	2.06	0.25	4.21	-0.85
2017-18	-4.15	2.25	-0.25	-4.05	-1.32
2018-19	2.05	2.48	0.13	2.20	-0.82
2019-20	1.19	2.40	0.07	1.21	-0.93
Mean	6.25	2.20	0.39	6.73	-0.52
SD	9.65	0.23	0.62	10.27	0.67

(Source: moneycontrol.com)



Interpretation: Above Table and Figure 3.2 shows that,

1. The Mean value of Net Profit Ratio is ₹ 6.25. The higher Net profit in the year 2010-11 to 2014-15 and lower Net profit in the year 2015-16 to 2019-20 during the time period 2010-11 to 2019-20 of BOB Bank.

2. The Mean value of NIM Ratio is ₹ 2.20. The higher NIM in the year 2010-11 to 2011-12, 2017-18 to 2019-20 and lower NIM in the year 2012-13 to 2016-17 during the time period 2010-11 to 2019-20 of BOB Bank.
3. The Mean value of ROA Ratio is ₹ 0.39. The higher ROA in the year 2010-11 to 2014-15 and lower ROA in the year 2015-16 to 2019-20 during the time period 2010-11 to 2019-20 of BOB Bank.
4. The Mean value of ROE Ratio is ₹ 6.73. The higher ROE in the year 2010-11 to 2014-15 and lower ROE in the year 2015-16 to 2019-20 during the time period 2010-11 to 2019-20 of BOB Bank.
5. The Mean value of Asset Turn Over Ratio is ₹ (-0.52). The higher Asset Turn Over in the year 2010-11 to 2014-15 and lower Asset Turn Over in the year 2015-16 to 2019-20 during the time period 2010-11 to 2019-20 of BOB Bank.

4. CONCLUSION

The data, which is used for this study, is based on the annual report of the banks and secondary data collected from Reserve Bank of India Bulletin. Therefore, the quality of this research work depends on quality and reliability of data published in the annual reports of the selected banks. The study is confined to ten years data only from 2010-11 to 2019-20. Detailed analysis covering a lengthy period, which may give slightly different results, has not been made.

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