

AN ANALYSIS OF FINANCIAL PERFORMANCE WITH REFERENCE TO INDIAN OVERSEAS BANK, CHENNAI-600 073.

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ABSTRACT- The banking system in India plays a really important role because most of the people within the India make their deposits in saving account or in fixed deposits. The banking sector as service sector, and together of the components of economic system, plays a crucial role within the performance of any economy. The performances of banks are dependent more on the management's ability in formulating strategic plans and also the efficient implementation of its strategies. In financial analysis, a ratio is employed as a benchmark for evaluation the financial position and performance of a firm. Banks nowadays are looking various changes within the types of corporate restructuring etc. the most objective of this study is to investigate the financial performance of the Indian Overseas Bank in India with the assistance of ratio analysis. This study focuses on the parameters like Credit Deposit Ratio, Equity Multiplier Ratio, and analytic thinking. This paper is a trial that has been made to spot the particular position still because the strength or weakness of the Indian Overseas Bank in India in order that it could help the investors in making decisions for his or her investment.

Keywords: Financial Performance, Credit Deposit Ratio, Equity Multiplier Ratio.

1. INTRODUCTION

Finance is that the life blood and nerve centre of a business, even as circulation of blood is crucial within the soma for maintaining life. Right from the very beginning i.e., conceiving a concept to business, finance is required to push or establish the business, acquire fixed assets, make investigations like market surveys etc., develop product, keep men and machines at work, encourage management to create progress and build values. Even an existing firm may require further finance for creating improvement or expanding the business. Financial performance analysis is that the process of identifying the financial strengths and weaknesses of the firm by properly establishing the link between the things of record and profit and loss account. It also helps in short-term and long-term forecasting and growth is identified with the assistance of economic performance analysis. Financial statement analysis is that the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to know the general health of a company additionally on evaluate financial performance and business value.

2. COMPANY PROFILE

Indian Overseas Bank (IOB) could be a major bank with 2555 domestic branches and 6 branches overseas. Indian Overseas Bank has an ISO certified in house Information Technology department, which has urbanized the software to produce online banking to customers. The bank has achieved 100% networking status also as 100% CBS status of branches with its branches and 6 Extension Counters. IOB also contains a network of about 1300 ATMs everywhere India and IOB's International VISA positive identification is accepted in any respect ATMs belonging to the Cash Tree and NFS networks. IOB offers internet Banking (E-See Banking) and is one among the banks that the government. The bank's business over doubled within the last five years. The Bank has 6 establishments abroad including 4 Overseas Branches 1 Remittance Center and 1 venture Subsidiary as on 31 March 2020. The Bank has one Branch each at Singapore metropolis Bangkok and Colombo and one Remittance Centre at Serangoon Singapore. The venture subsidiary India International

3. NEED FOR THE STUDY

This study is conducted to grasp the financial performance of Indian Overseas bank and to analyse budget with various tool of research before commencing upon the financial health of the bank.

4. OBJECTIVES OF THE STUDY PRIMARY OBJECTIVE

- An Analysis of economic performance with reference Indian Overseas Bank.

SECONDARY OBJECTIVES

- Data is collected by touching on the Indian Overseas Bank annual report from twelvemonth 2015-2016 to 2019-2020
- To suggest suitable measure to boost the financial performance and efficiency of Indian Overseas Bank.
- To gauge the financial performance of the IOB through ratio analysis

5. SCOPE OF THE STUDY

The scope of the study is proscribed to collecting financial data published within the reports of the IOB. The analysis is finished to suggest the possible suggestions. The study is administered just for four years from 2015-2020.

6. REVIEW OF LITERATURE

K.Kamaraj & Dr. A .Somu, "Performance Analysis of Indian Overseas Bank", Volume:3, Issue:10,ISSN- 2249- 55X in his article elaborated that the profitability performance of the UCBs will be improved by strengthening the magnitude of burden ratio. The spread ratio will be increased by increasing the interest receipts faster than the interest payments. The burden ratio will be lowered by decreasing the manpower expenses, other expenses and increasing other incomes.

Dr.Subathra, (2019) "A Study on financial performance of IOB with reference to ratio analysis" Volume XII Issue XII had evaluated the financial analysis of SBI with special reference to Indian Banking Industry. It is founded that the bank had better capital adequacy ratio so it had strong financial health. Liquidity ratio is not satisfactory so it should be maintain the working capital in proper way in the future.

7. LIMITATIONS OF THE STUDY

- The study is based fully on these secondary data.i.e., on the quantitative data obtained from the Annual Reports of IOB.
- Financial performance of the bank is not compared with any other bank.
- The study covers a period between the years 2015-2016 to 2019-2020 only.

8. DATA ANALYSIS AND RESULTS

Table NO:1 showing Credit Deposit Ratio of Indian overseas bank, Chennai- 600073 for the financial year 2015-16 to 2019-20.

Year	Credit	Deposit	Credit Deposit Ratio
2015-2016	1608,606,680	224514,23,96	0.72
2016-2017	1404,586,183	2113,426,267	0.66
2017-2018	1324,888,149	2168,318,111	0.61
2018-2019	1325,976,296	2225,340,772	0.60
2019-2020	1213,334,100	2229,518,800	0.54

(Rs in 000's) Computed Secondary Data **INTERPRETATION:**

From the above table the Credit Deposit Ratio in the year is ideal value Minimum ratio is registered as 0.54 in the year 2020 and the Maximum ratio is registered as 0.72 in the year 2016 respectively.

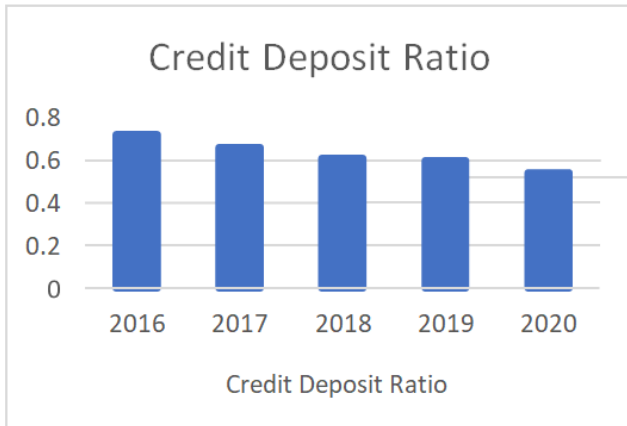


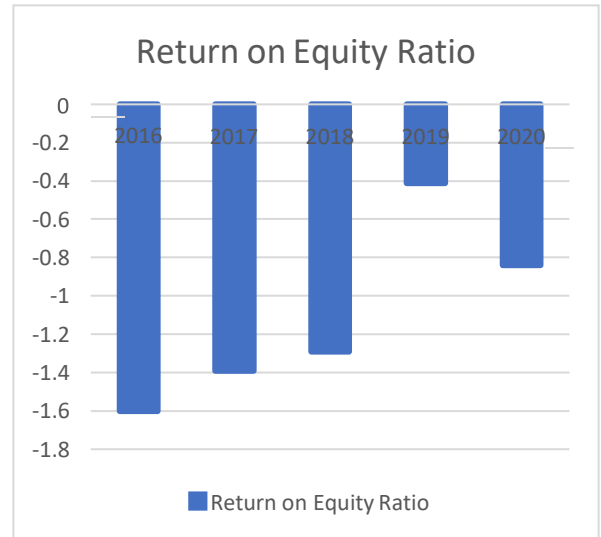
Chart No:1 showing Credit Deposit Ratio of Indian overseas bank, Chennai- 600073 for the financial year 2015-16 to 2019-2020

RESULT:

It is found that the Credit Deposit ratio of IOB is 72 percent in the year 2016.

invested more than other years but it is not meet the entire expenditure.

Chart No:2 showing Return on Equity Ratio of Indian overseas bank, Chennai- 600073 for the financial year 2015-16 to 2019-20.



RESULT:

In the year 2019, the Return on Equity Capital is maximum (adversely 0.41) it is clearly depicted that the capital invested more than other years but it is not meet the entire expenditure

Table No: 2 showing Return on Equity Ratio of Indian overseas bank, Chennai- 600073 for the financial year 2015-16 to 2019-20.

Year Ended March	Net Income/Loss	Equity Capital	Return on Equity Capital Ratio
2015-2016	-28,973,275	18,072,657	-1.60
2016-2017	-34,167,386	24,547,289	-1.39
2017-2018	-62,994,905	48,907,699	-1.29
2018-2019	-37,378,810	91,416,482	-0.41
2019-2020	-137,517,400	164,369,900	-0.84

(Rs in 000's)

Computed Secondary Data

INTERPRETATION:

From the above table showed that the bank attained the net loss for all the four years from 2015 to 2019. The bank is not in a good position. The amount of capital invested is increased gradually year by year. But it is not enough to meet the expenditure of the bank. In the year 2019, the Return on Equity Capital is maximum (adversely 0.41) it is clearly depicted that the capital

Table No: 3 showing Trend analysis on total income of Indian overseas bank, Chennai- 600073 for the financial year 2015-16 to 2019-20.

(Rs in 000's)

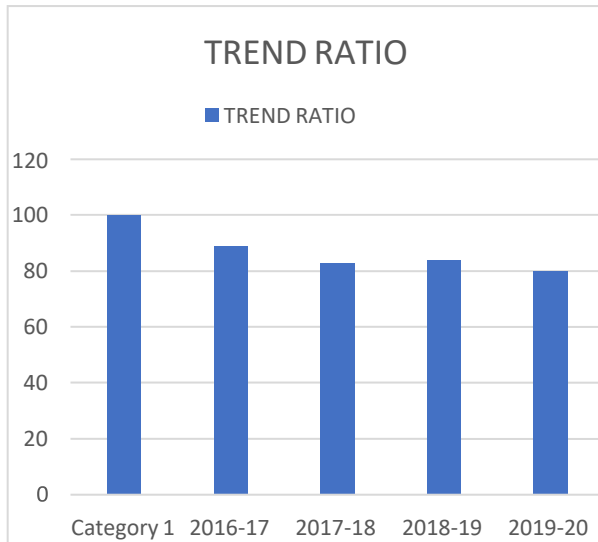
Year	Total Income	Trend Ratio
2015-2016	260,455,519	100
2016-2017	230,912,342	89
2017-2018	216,616,492	83
2018-2019	218,375,821	84
2019-2020	207,124,800	80

Computed Secondary Data

INTERPRETATION:

From the above table it is required that the trend analysis is increased from 100 in 2015-16 and it has been decreased from 80 in the financial year 2019-20.

Chart No: 3 showing Trend analysis on total income of Indian overseas bank, Chennai- 600073 for the financial year 2015-16 to 2019-20.



RESULT:

From trend analysis it has been found that trend on total income shown an increasing trend period.

9. SUGGESTIONS

On the basis of the study the following suggestions are given to the Indian Overseas Bank to improve their performance.

- The IOB maintain enough liquidity to cover any unforeseen fund requirements because its Credit Deposit ratio is 65% which means that out of every Rs.100 deposited Rs.65 being lent. So there is a need to maintain sufficient liquidity.
- The overall performance of the bank for the study period is not satisfactory level.

It showed the net loss for all the five years so it should take forwarded steps to change the present position.

10. CONCLUSION

The present case study dealt with the financial performance of IOB with reference to Ratio analysis. There is no sufficient progress in the IOB and the overall performance of the Bank is not so good. The performance of IOB has been analyzed in detail in terms of deposit mobilization, advances, investments to total asset, return on equity earnings and profitability efficiency. According to the analysis, the IOB is not maintaining the required standards and running profitability. IOB can more concentrate on equity shareholders' investment and effective utilization of funds to have profitability position.

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