

AN IMPACT ON FINANCIAL POSITION ON DEPOSITS AND LOANS EFFECTIVENESS OF PUNJAB NATIONAL BANK

Dr. K. Singaravelu,

Principal i/c and Research supervisor,
CBM College, Kovaipudur, Coimbatore.

Ms. V. Sudha

, Assistant Professor,
Department of Commerce,
Karpagam Academy of Higher Education, Coimbatore.

Abstract

The PNB has operational efficiency; service quality and managerial effectiveness are the main area to satisfy their customer. The financial position of the bank has to measure the achievement and profitability position. The efficiency with which a bank deploys its total resources to optimize its net profit and it's performed the degree of assets utilization and managerial effectiveness. The financial analysis can be performed by analysts who work for the firm or by outsiders like investors, creditors, lenders, suppliers, customers, security analysts, academicians, researchers, environmental protection organizations, special interest lobbying groups, government and other regulatory bodies. This research study entirely based on secondary data and different ratios have been applied to evaluate the financial performance of the bank along with regression analysis with the help of SPSS 20.0. The study concluded that the selected bank has performed well on the sources of growth rate and financial efficiency but profitability position has been found poor during the study period.

Keywords: PNB, Financial position, deposits, loans market value; business diversification. Net asset growth

INTRODUCTION

India is one of the largest economic growths with more than 120cr population with bank account. Now a day in India the service sectors is contributing little of the Indian GDP and banking is one of the fact for service sector. PNB is a state-owned financial services company. Punjab National Bank (PNB), India's first Swadeshi Bank. The founder was Lal Laj Pat Rai. It was registered on May 19th 1894. It is one of the second largest governments owned commercial bank. The bank was incorporated under the act VI of 1882 of Indian Companies Act. The bank commenced operation on April 12th 1895 from Lahore, with an authorized total capital of Rs 2 lakh and working capital of RTs 20,000. Now it has branches 6564 across 764 cities which include 9 overseas branches and 69 circle office and 8348

ATMS. More than 80 millions satisfied customers. The Bank was established by the spirit of nationalism and was the first bank purely managed by Indians with Indian Capital. During the long history of the Bank, 9 banks have been merged/ amalgamated with PNB.

STATEMENT OF THE PROBLEM

The present study focuses the deposits and loan positioning on PNB. Deposits The important components of the fiscal policies in national bank are deposits and loans. The bank function is to accepting the deposits and loan schemes and its effectiveness towards Punjab National Bank. The present study is undertaken to evaluate the financial performance of the second largest public sector bank of India. It is essential to examine the financial efficiency, operational activities and other relevant financial aspects of Punjab National Bank for its smooth running and to improve the service quality to make it more favorable.

OBJECTIVES OF THE STUDY

1. To analyze the demographical profile of the customer prefer by PNB.
2. To Study the financial position on loan schemes about the product and service offered by PNB.

REVIEW OF LITERATURE

Hamid & Ahmed 2016, the study indicates the loans and its type of credit policy, in which a sum of money is lent to another party in exchange for future repayment of the value or principal amount in many cases, the lender also adds interest and finance charges to the principal value. **Maj Syed Mohd Mustafa 2017**, the banks play an important role in the economic development of a country. They are the lifeblood of modern commerce and have control over a large part of money supply. A bank is a financial intermediary that accepts deposits and channels them into lending activities. It plays a vital role in the marketing of new type of deposits and advances schemes. The operational efficiency, service quality and managerial effectiveness are the main areas to observe the performance of a bank. The financial performance of a bank can be measured as the achievement of the bank in terms of profitability position, service quality, customer satisfaction and other relevant aspects. The profitability of a bank denotes the efficiency with which a bank deploys its total resources to optimize its net profits and thus serve as an index to the degree of asset utilization and managerial effectiveness. At present, the Indian banking system faces a number of difficult challenges. In such a scenario, the present study is an attempt to measure the financial performance of the second largest public sector bank of India i.e. Punjab National Bank. This study is entirely based on secondary data and different ratios have been applied to evaluate the financial performance of the bank along with regression analysis with the help of SPSS 20.0. The study concluded that the selected bank has performed well on the sources of growth rate and financial efficiency but profitability position has been found poor during the study period.

METHODOLOGY OF THE STUDY

The research study used a descriptive and an impact on financial position on Deposits and Loan and its effectiveness towards Punjab National Bank. In addition to a theoretical

framework and previous studies to the combined secondary data that emerged from previous studies. Data was collected on secondary data source from last 5 years balance sheet from past articles, reports and annual balance sheet of the bank.

LIMITATIONS OF STUDY

The research study mentions some limitations as follows:

1. Limited number of one public sector bank and not applicable to other banking sectors.
2. The present study is limited to only one public sector bank of India. Hence, the results are not applied to the entire banking sector. This study is limited to only five year time period (2011-12 to 2015-16).

ORGANIZATIONAL SETUP

There are 13 FMG offices, 9 GM overseas and 69 circle office and 6564 Branches through India. The bank has endorsed the Vitiya Jan Chetna Abhiyan program to increase financial awareness among the masses. PNB also plays an active role in creating awareness on the following schemes Punjab National Bank, 2016

- Atal Pension Yojana
- Pradhan Mantri Jeevan Jyoti Yojana
- Mudra loans
- Pradhan Mantri Jan Dhan Yojana
- Pradhan Mantri Jan Suraksha Yojana

DEPOSITS SCHEMES

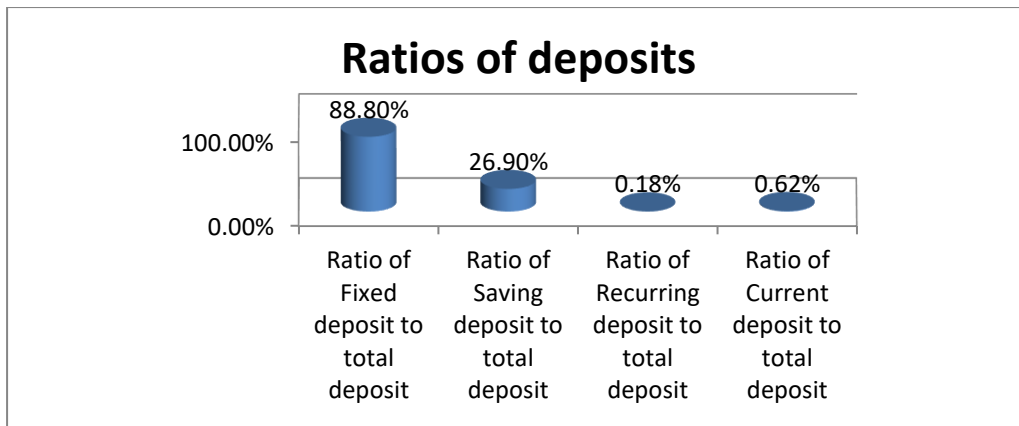
A deposit is a financial term that means money held at a bank. A deposit is a transaction involving a transfer of money to another party for safekeeping.

1. Fixed deposit scheme
2. Saving deposit scheme
3. Recurring deposit scheme
4. Current deposit scheme

TABLE 1-1 RATIO RELATING TO DEPOSITS

RATIO RELATING TO DEPOSITS	PERCENTAGE
Ratio of Fixed deposit to total deposit	88.8%
Ratio of Saving deposit to total deposit	26.9%
Ratio of Recurring deposit to total deposit	0.18%
Ratio of Current deposit to total deposit	0.62%

Source: Research data



LOAN SCHEMES

A loan is a sum of money that one or more individuals or companies borrow from bank or other financial institutions so as financially manage planned or unplanned events. The borrower agrees to pay back the principal amount of loan plus interest.

1. Educational loan scheme
2. Home Loan scheme
3. Personal loan scheme
4. Business loan scheme
5. Car loan
6. Loan against property

The issues of loan amount stated as maintain certain crucial records as as:

1. To whom the loan amount issued
2. How much amount to issue?
3. The repayment period.
4. The calculation of Interest amount.

TABLE 1-2 RATIO RELATING TO LOANS

RATIO RELATING TO DEPOSITS	PERCENTAGE
Ratio of short term loans to total loans	12.4 %
Ratio of medium term loans to total loans	0.86%
Ratio of ordinary loans to total loans	62.18?%
Ratio of gold loans loans to total loans	27.29%

Source: Research data

FEATURES

- Loan starting from as little of Rs 50,000
- Flexibility to choose an EMI based loan
- Fast approval of the loan amount
- Providing proper guidance to the customer

DATA ANALYSIS AND INTERPRETATION

Table 1-3 Net Assets Punjab National Bank

Year	Net Assets (in Lacs)	Total Assets (in Lacs)	% of Net Assets
2015-2016	15,20,456	19,587,247	5.21
2016-2017	18,54,789	21,254,748	5.78
2017-2018	20,14,698	22,657,842	6.01
2018-2019	24,58,794	26,547,895	6.84
2019-2020	27,97,127	31,324,875	7.24

Source: Research data

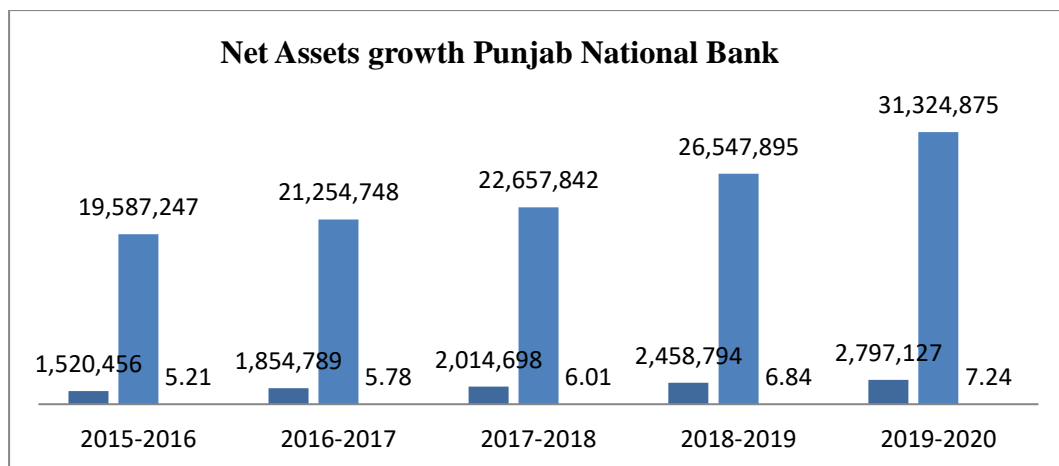


Table 1-4 Analysis of Mean, Standard deviation, Coefficient of variation

Bank	Mean	Std.d	Coefficient of variation
PNB	1.067	0.7246	0.8046

CONCLUSION

The PNB is to serve their customer in the most efficient manner and to gain customer satisfaction. In this research study the deposits in PNB reveals a lot of useful information which can help the bank to frame future policies and to improving the financial performance of PNB. In the finding of the study PNB has higher coefficient of variation in Net NPA ratio that is 0.8046. The financial performance of the bank is analyzed using different parameters. The Punjab National Bank of India is in a position to follow the rules of the Government for the social and economic development of the country. The bank has performed well on the sources of growth rate and financial efficiency during the study period. It plays a vital role in marketing of new type of deposits and advances schemes. Thus the customer more satisfied the 5 years financial performance.

REFERENCE

- Maj Syed Mohd Mustafa, Dr. Mohd Taqi “A Study on the Financial Performance Evaluation of Punjab National Bank”, International Journal of Business and Management Invention ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X .
- Meghani, K., Karri H.K. and Mishra B.M. (2015), “A Comparative Study on Financial Performance of Public Sector Banks in India: An Analysis on Camel Model”, Arabian Journal of Business and Management Review (OMAN Chapter) , Vol. 4, No. 8, March, pp. 18-34.
- Chaudhary Garima (2014), “Preformance Comparision of Private Banks with Public Sector Banks”, International Journal of Emerging Research in Management & Technology, Vol-3, Issue-2, February.
- Gupta, R. and Sikarwar, N.S. (2013), “A Comparative Study of Growth Analysis of Punjab National Bank of India and HDFC Bank Limited”, IJAIEM, Volume 2, Issue 2, February.
- Bala Krishnamoorthy “Punjab National Bank: implementing core banking solution”, Int. J. Services Technology and Management, Vol. 26, No. 6, 2020.