

A STUDY ON GROWTH OF CITY UNION BANK

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ABSTRACT:

This paper deals with the risk management in city union bank. It focuses on the risk management practices in the city union bank which helps to manage the exposure to losses or risk and to protect the value of its assets. The object of calculating the trend percentage analysis is to show the direction of the change upward or downward. This study helps to analyse the aim for studying the growth of the bank for a period of 5 years. This paper shows the importance of the financial intermediaries in the economy, but also poses some risks in the bank.

KEYWORDS: Risk management, Trend Regression Analysis of bank

INTRODUCTION:

Today, India has a fairly well developed banking system with different classes of banks such as public bank, private bank, cooperative bank, etc.,. During the period of boom and recession, the banking sector acts as a backbone of Indian economy which reflects as a supporter. The banking sector is the section of the economy devoted to the holding of financial assets for others, investing those financial assets as leverage to create more wealth and the regulation of those activities by government agencies. For the development of the country's economy, the banking sector plays a vital role in it. The growth of banking sector based on the various aspects of customers services were provided by them. The growing trend of banking services is fund significant after the new economic reforms in India.

LITERATUREREVIEW

^[1]**Dipasha Sharma, Anil K Sharma, Mukesh KBarua (2013)** in their study discussed that both the frontier approaches, parametric and non-parametric, are gaining an edge over the traditional financial performance measures. In the non-parametric approach, data envelopment analysis (DEA) is widely applied to measure a bank's efficiency and productivity.

^[2]**Dr.Dhanabhakym & M.kavitha (2012)** in their research used some important ratio to analyses the financial performance of selected public sector banks such as ratio of advances to assets, ratio of capital to deposit, ratio of capital to working fund, ratio of demand deposit to total deposit, credit deposit ratio, return on average net

worth ratio, ratio of liquid assets to working fund etc. The ratio of advances to assets shows an increasing trend for most of the public sector bank. It shows aggressiveness of bank in lending which ultimately result in high profitability. The ratio of capital to deposit also indicates an increasing trend in the capital of banks. This ratio enables the bank to meet the contingencies of repayment of deposit. The ratio of capital to deposit in decline. The ratio capitals to working fund also indicate that the overall efficiency of the selected public sector banks are good. On the other hand the ratios of demand deposit to total deposit is declining. This indicates better liquidity position of bank. The credit deposit ratio of most of the bank show an increasing trend. It shows that the profitability of the banks in government. The return on average net worth also shown an increasing trend.

^[3]S.C Gupta,(2004) is of the view that globalization, competition, and technological innovation are the drivers of risk management. He identifies that a major bottleneck for the implementation of risk management in Indian banks is their large network and inadequate information system. Risk management process is both incentive and capital intensive. A lot of investment is required right from procuring sophisticated risk measuring tools, training the staffs, building the risk organization and investing in technology to get data on a real time basis. Data consistency is an essential prerequisite of the management system.

OBJECTIVE OF THE STUDY

- To know the growth of City Union Bank for the past 5 years by using trend regression
- To predict the future performance of the bank.

RESEARCH METHODOLOGY

The secondary data was collected from the annual reports of the bank, website and various statements prepared by the bank i.e., Balance sheet and profit and loss account of the bank.

TOOLS FOR DATA ANALYSIS:

Trend Regression Analysis

ANALYSIS OF THE RESULTS

Table 1: REGRESSION ANALYSIS OF DEPOSITS

Month	Deposits	X	X ²	XY
2014-15	24,074.96	-2	4	-48149.9
2015-16	27,158.13	-1	1	-27158.1
2016-17	30,115.74	0	0	0
2017-18	32,852.62	1	1	32852.62
2018-19	38,447.95	2	4	76895.9
	152649.40		10	34440.47
	A	30529.88		
	B	3444.047		
	YEAR (X)	Predicted Deposits (Y)		
3	2019-20	40862.02		
4	2020-21	44306.07		
5	2021-22	47750.12		
6	2022-23	51194.16		
7	2023-24	54638.21		

Interpretation

The above table shows about future prediction towards deposits of the bank. It shows that from 2020 to 2024 the deposits may increase from Rs. 40862.02 crs to Rs.54638.21 crs respectively.

Table 2: REGRESSION ANALYSIS OF ADVANCES

Month	Advances	X	X ²	XY
2014-15	17,965.50	-2	4	-35931
2015-16	21,056.92	-1	1	-21056.9
2016-17	23,832.70	0	0	0
2017-18	27,852.79	1	1	27852.79
2018-19	32,673.34	2	4	65346.68
	123381.25		10	36211.55
	A	24676.25		
	B	3621.155		
	YEAR (X)	Predicted Advances (Y)		
3	2019-20	35539.72		
4	2020-21	39160.87		
5	2021-22	42782.03		
6	2022-23	46403.18		
7	2023-24	50024.34		

Interpretation

The above table shows about future prediction towards advances of the bank. It shows that from 2020 to 2024 the advances of the bank may increase from Rs. 35539.72 crs to Rs. 50024.34 crs respectively.

Table 3: REGRESSION ANALYSIS OF NET PROFIT

Month	Net profit	X	X ²	XY
2014-15	401.89	-2	4	-803.78
2015-16	451.65	-1	1	-451.65
2016-17	510.22	0	0	0
2017-18	624.68	1	1	624.68
2018-19	720.33	2	4	1440.66
	2708.77		10	809.91
	A	541.754		
	B	80.991		
	YEAR (X)	Predicted Net profit (Y)		
3	2019-20	784.73		
4	2020-21	865.72		
5	2021-22	946.71		
6	2022-23	1027.70		
7	2023-24	1108.69		

Interpretation

The above table shows about future prediction towards net profit of the bank. It shows that from 2020 to 2024 the profitability of the bank may increase from Rs. 7854.73 crs to Rs. 1108.69 crs respectively which is a good sign for the bank and also it leads to increase in share value based on dividend.

Table 4: REGRESSION ANALYSIS OF INCOME

Month	Income	X	X ²	XY
2014-15	3,113.85	-2	4	-6227.7
2015-16	3,354.19	-1	1	-3354.19
2016-17	3,657.74	0	0	0
2017-18	3,934.52	1	1	3934.52
2018-19	4,281.56	2	4	8563.12
	18341.86		10	2915.75
	a	3668.372		
	b	291.575		
	YEAR (X)	Predicted Income (Y)		
3	2019-20	4543.10		
4	2020-21	4834.67		
5	2021-22	5126.25		
6	2022-23	5417.82		
7	2023-24	5709.40		

Interpretation

The above table shows about future prediction towards income of the bank. It shows that from 2020 to 2024 the net income of the bank may increase from Rs. 4543.10 crs to Rs. 5709.40 crs respectively which is a good sign for the bank.

Table 5: REGRESSION ANALYSIS OF EXPENDITURE

Month	Expenditure	X	X ²	XY
2014-15	2,718.83	-2	4	-5437.66
2015-16	2,909.49	-1	1	-2909.49
2016-17	3,154.96	0	0	0
2017-18	3,342.51	1	1	3342.51
2018-19	3,598.71	2	4	7197.42
	15724.50		10	2192.78
	a	3144.9		
	b	219.278		
	YEAR (X)	Predicted Expenditure (Y)		
3	2019-20	3802.73		
4	2020-21	4022.01		
5	2021-22	4241.29		
6	2022-23	4460.57		
7	2023-24	4679.85		

Interpretation

The above table shows about future prediction towards expenditure of the bank. It shows that from 2020 to 2024 the net income of the bank may increase from Rs. 3802.73 crs to Rs. 4679.85 crs respectively which is not a good sign for the bank. The expenses of the bank has to control in future period of time.

Table 6: REGRESSION ANALYSIS OF INTEREST ON DEPOSITS

Month	Interest on deposits	X	X ²	XY
2014-15	1,891.49	-2	4	-3782.98
2015-16	1,963.17	-1	1	-1963.17
2016-17	1,975.02	0	0	0
2017-18	1,972.12	1	1	1972.12
2018-19	2,155.68	2	4	4311.36
	9957.48		10	537.33
	A	1991.496		
	B	53.733		
	YEAR (X)	Predicted Interest on deposits (Y)		
3	2019-20	2152.70		
4	2020-21	2206.43		
5	2021-22	2260.16		
6	2022-23	2313.89		
7	2023-24	2367.63		

Interpretation

The above table shows about future prediction towards deposits of the bank. It shows that from 2020 to 2024 the net income of the bank may increase from Rs. 2152.70 crs to Rs. 2367.63 crs respectively which is a good sign for the bank.

Table 7: REGRESSION ANALYSIS OF INTEREST ON ADVANCES

Month	Interest on advances	X	X ²	XY
2014-15	2,698.86	-2	4	-5397.72
2015-16	2,944.21	-1	1	-2944.21
2016-17	3,173.79	0	0	0
2017-18	3,402.42	1	1	3402.42
2018-19	3,767.17	2	4	7534.34
	15986.45		10	2594.83
	A	3197.29		
	B	259.48		
	Year (X)	Predicted Interest on advances (Y)		
3	2019-20	3975.74		
4	2020-21	4235.22		
5	2021-22	4494.71		
6	2022-23	4754.19		
7	2023-24	5013.67		

Interpretation

The above table shows about future prediction towards deposits of the bank. It shows that from 2020 to 2024 the net income of the bank may increase from Rs. 3975.74 crs to Rs. 5013.70 crs respectively which is a good sign for the bank.

FINDINGS:

- From 2020 to 2024 the deposits may increase from Rs. 40862.02 crs to Rs.54638.21 crs respectively.
- From 2020 to 2024 the advances of the bank may increase from Rs. 35539.72 crs to Rs. 50024.34 crs respectively.
- From 2020 to 2024 the profitability of the bank may increase from Rs. 7854.73 crs to Rs. 1108.69 crs respectively which is a good sign for the bank and also it leads to increase in share value based on dividend.
- From 2020 to 2024 the net income of the bank may increase from Rs. 4543.10 crs to Rs. 5709.40 crs respectively which is a good sign for the bank.
- From 2020 to 2024 the net income of the bank may increase from Rs. 3802.73 crs to Rs. 4679.85 crs respectively which is not a good sign for the bank.
- From 2020 to 2024 the net income of the bank may increase from Rs. 2152.70 crs to Rs. 2367.63 crs respectively which is a good sign for the bank.
- From 2020 to 2024 the net income of the bank may increase from Rs. 3975.74 crs to Rs. 5013.70 crs respectively which is a good sign for the bank.

CONCLUSION:

A financial analyst can adopt the following tools for analysis of the financial statement. These are also termed as methods of financial analysis. The banking sector is one of the core sectors in the economic development of India. So the purpose of the study is to concentrate on financial performance of City union bank. This study attempted to find out whether CUB have performed well or not. The main objective of the study is to evaluate the risk exposure of the bank in the last five years and to predict the future performance of the bank. The conclusion is that the risk towards deposits of the bank is much higher when compared to the advances and as a whole the performance and profitability of the banks are satisfactory.

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