

A STUDY ON FINANCIAL PERFORMANCE OF LOANS AND ADVANCES WITH REFERENCE TO DENA BANK

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Abstract:

In India, co-operatives are thought-about by institutional funding sources to be the foremost fascinating type of institutional loan for agriculture and occupy a singular place. The loan granted by these banks has driven the method of development of agriculture particularly through the creation of irrigation systems mechanization of farms energization of pumping instrumentality development conservation of wetness and gardening plantation and biological science development investment loan alongside production loans helped an outsized variety of farmers, high-yielding seed (HYV), fertilizers, pesticides and irrigation, that ultimately resulted in important production of crops, fruits and vegetables. Likewise, farming, together with farm, poultry and piscary development, has received an incredible boost. Post-harvest facilities that support high-tech comes in horticulture, fungal, cultivation and tissue culture have additionally received attention in agro-processing. Co-operative banks ar a part of the large and powerful structure of cooperative establishments in Asian nation managing the tasks of production, processing, selling and distribution, support and banking.

Keyword: Financial Performance ,Banking sector, RBI

Introduction:

The Banking Regulation Act of 1949 defines "banking transactions as outlined in Section five as" accretive for the aim of disposal or finance deposits of public cash which can be repaid on demand or otherwise and which can preferably be withdrawn by a check draft ".Section 5c of the Banking Regulation defines a bank as a bank that handles banking in Bharat. It ought to be noted that an organization engaged in producing or mercantilism is taken into account to be a depository financial institution if it receives deposits for under one bank, the aim of finance its own business within the sense of an evidence of the same clause of § five of the Banking Regulation Act ,The Banking Act conjointly stipulates that not everybody apart from the bank or a licensed banking establishment will receive arrival from the general public. Loans and advances square measure the foremost vital facet of any bank organization. Loan may be a style

of debt. like all debt securities, a loan means that the distribution of economic assets over time. The recipient initially receives from the lender a sum of cash, that he typically pays back to the lender, however not perpetually in regular installments. This service is typically provided at a cost called debt interest. The amount of borrowed cash (Principal), that is mostly repaid with interest. Loan to value - magnitude relation between the amount of the loan and also the calculable price of the property expressed as a proportion. Lenders guarantee that the mortgages square measure valid for an explicit range of days from the date of application. cash Margin, the amount of a lender that's more to the index for a customizable mortgage index to see the adjusted rate. Advance may be a term that describes a secured loan granted to a member. Advances square measure offered at mounted or variable interest rates with sure maturities or with embedded deferral choices. The primary information supply for the project study is secondary information from 2014-2018 from the annual report of the headquarters of the District Cooperative Bank (DCCB) (Mahbubnagar). Balance of the cooperative bank As a full, the top workplace is examined for four years, because the individual branches don't have any consolidated balance sheets (balance sheets are consolidated by the controller for all branches). The profit and loss account is taken from the annual reports of the top workplace for the preparation of the annual profit, the credits of the loans and advances of the bank from the past years to these days and therefore the profits obtained. These statements are a crucial supply for determinant the money strength of the organization, so that they are rigorously researched at the time of purchase.

Review of literature:

Financial statements area unit ready primarily for decision-making. They play a dominant role in setting the framework for management selections. However, the data contained within the Associate in Nursing annual accounts isn't a finish in itself, as no pregnant conclusions will be drawn from these statements alone. however necessary it's to use the data within the money statements for selections by analyzing and deciphering money statements. money analysis is that the method of distinguishing the money strengths and weaknesses of the business by establishing a correct relationship between the record things and therefore the profit and loss account. These area unit varied strategies (or techniques) utilized in the analysis of economic statements, like money statements. Eg comparison, common size, capital, income analysis, cash flow, analysis, cost gain, analysis, quantitative relation analysis. It is Associate in Nursing activity to work out the money strengths and weaknesses of every company. It's regarding winning Associate in Nursing losing an account and possession relationship with the corporate. The tactic of economic analysis will be performed by the management of a company or by the outsourcing firms. In the

words of Myers, record analysis is basically a study of the link between the various money factors during a company, as unconcealed by one set of statements, and a study of the tendency of these factors, as shown during a variety of statements. The purpose of the money analysis is to diagnose the data contained within the money statements so as to assess the gain and money soundness of the corporate. Ratio analysis is that the most powerful instrument of economic analysis. It's the method of building and deciphering completely different (quantitative relationship between figures and figure groups). With the assistance of key figures, the annual money statements will be analyzed a lot of clearly and a choice will be made of this analysis. Every business organization or banking service aims to come up with profits through the supply of services. Bank help in loaning the number if necessary, reimbursement of the number with a rate of interest to the bank for credit. The aim of obstruction and reimbursement as "loans and advances" "The main purpose is that the development of corporations, agricultural sectors and business furthermore as every business unit. Additionally, the interest financial gain for high-yielding loans and advances ought to be enhanced. The bank supported varied styles of loans and exposures to numerous sectors and teams. As with mortgage loans, to shop for agricultural land to attain a high enterprise price from all sides of the population. Loans will be divided into short-run loans, long-run loans and agricultural loans etc.

Objectives of the study

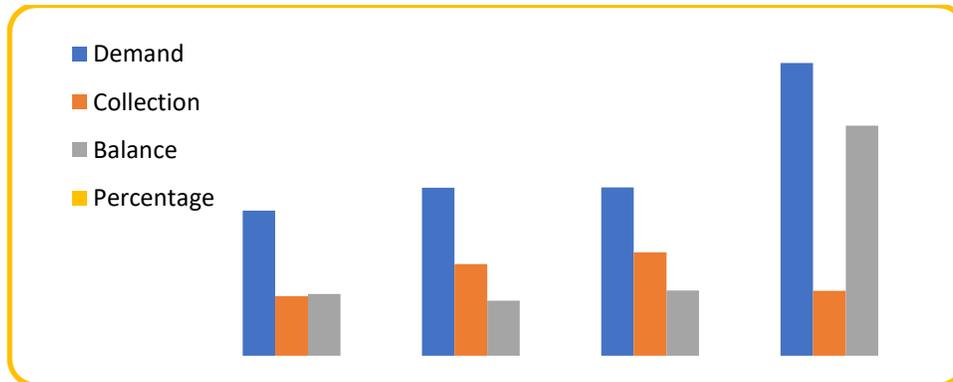
1. To Assessment of earning power in the past, present and future.
2. To Investigation of the financial stability of the bank.
3. To Assessment of the services of the bank.
4. To Know the key performance indicators specifically set by the bank for lending

Research methodology

The analysis style and analysis methodology is that the specification of the procedure for grouping and analyzing the info required to together confirm the way to reply to a retardant of chance, so the distinction between the price of getting totally different levels of accuracy and also the expectation of the connected info every level of accuracy is maximized. Primary data: Data originally utilized in the analysis was obtained through direct analysis by the scientist through surveys, interviews and direct observation. Primary knowledge is dearer than secondary knowledge obtained from printed sources. However, they're conjointly a lot of up-to-date and relevant to the research.

Data analysis and interpretation:

Demand and Collection Analysis (or) DCB Analysis



Graphical Representation of DCB Analysis

This is the foremost vital graph to contemplate. It shows to what extent the bank with success collects the loans they need granted. within the last three years, the bank might solely collect sixty-two (approximately) of the amounts. simply within the current year, the bankers collected simply twenty-two.17% of the quantity they needed to maneuver. It shows a foul assortment policy, that is applied by the bank within the assortment of loans. Management must take serious steps during this matter.

Findings:

With the exception of alternative loans, all loans are going to be augmented within the current fiscal year. It shows the involvement of bankers within the development program of the district. For short-run agricultural loans, the capital increase augmented within the last four years to 4842.74 to 6246.23. Within the case of irrigation loans on loan maturity, it will be seen that the

Years	Demand	Collection	Balance	Percentage
2014 – 15	13529.78	5566.49	5763.29	49.15%
2015 – 16	15677.55	8548.62	5148.93	62.08%
2016 – 17	15727.41	9638.75	6088.66	61.29%
2017 – 18	27340.75	6062.83	21477.92	22.17%

entire loan quantity for the world has faded by 1916.3 100000 rupees compared to the previous year. The capital of the corporate has augmented within the current year compared to the last four years. Of the 8500 Lak deposits, a deposit assortment of 7816.05 Lak has up to now been

sought-after. this is often virtually the accomplishment of the goal that the bank desires to attain. A complete of 8988 new members were other throughout this yr and received 924 Lak as a loan.

Suggestions

1. Mobilize efficient deposits and improve your position.
2. Cut back the distressed assets.
3. Increase the share capital.
4. Give loans to the poor in blast.
5. Liberalize the sanction procedure for loans.
6. Cut back the time to sanction the loan.
7. Take acceptable measures appreciatethe amounts that are under speculation.

Conclusion

The most theme within the new millennium is that the reorientation of the structure and management of cooperative establishments. There ought to be a well-designed action program that has the cooperative with specific steering within the areas of expertness and potency sweetening of recent technology. Systematic coaching through effective interaction of cooperative relationships Mobilization of resources and bigger participation of the members within the decision-making method and reduction of dependency Support by the GoveFailure of sure banks to realize their goals cannot be thought of one issue. This general trend is current throughout the cooperative movement, and their square measure specific problems that PACs face or that influence promoting organizations concerned within the cooperative movement. the foremost onerous downside is that the increase in fees. The rise in fees has unfit the complete credit structure.

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