A STUDY ON FINANCIAL PERFORMANCE: A COMPARATIVE ANALYSIS OF INDIAN BANK AND UCO BANK

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Abstract
Indian keeping money is the life saver of the country and its kin. Saving money has helped in building up the crucial parts of the economy and usher in another day break of advancement on the Indian skyline. The study is to assess the monetary execution of Indian Bank and UCO Bank. The fundamental goals of the study are to assess the money related execution of Indian Bank and UCO Bank and to think about the monetary execution of Indian Bank and UCO Bank. The study covers the time of 5 years i.e. from year 2010-11 to year 2014-15. Proportion Analysis was connected to dissect and think about the patterns in managing an account business and monetary execution, for example, Credit Deposit Ratio, Interest Expenses to Total Expenses, Interest Income to Total Income, Other Income to Total Income, Net Profit Margin, Net worth Ratio, Percentage Change altogether Income, Percentage Change altogether Expenditure, Percentage Change in Deposits, and Percentage Change in Advances. Mean, Standard Deviation, Standard Error, Coefficient of Variance and Compound Annual Growth Rate (CGR) have been utilized to investigate the patterns in saving money business productivity.

Key Words: Credit, Deposit, Financial Performance, Interest Expenses, and Interest Income.

1. Introduction
Indian managing an account is the life saver of the country and its kin. Managing an account has helped in adding to the essential parts of the economy and usher in another sunrise of advancement on the Indian skyline. The segment has interpreted the trusts and goals of a huge number of individuals into reality. In any case, to do as such, it has needed to control miles and miles of troublesome landscape, endure the indignities of remote guideline and the throbs of segment. Today, Indian banks can unhesitatingly rival present day banks of the world.

1.1 Profile of Indian Bank
Indian Bank is an Indian state-owned financial services company established in 1907 and headquartered in Chennai, India. It has 20464 employees, 2416 branches in India and is one of the big public sector banks of India. It has overseas branches in Colombo and Jaffna in Sri Lanka, and in Singapore, and 229 correspondent banks in 69 countries. Since 1969 the Government of India has owned the bank.

1.2 Profile of UCO Bank
UCO Bank formerly United Commercial Bank, established in 1943 in Kolkata, is a major government-owned commercial bank of India. During FY 2013-14, its total business was   4.55 lakh crore. Based on 2014 data, it is ranked 1860 on Forbes Global 2000 List. UCO Bank was ranked 294th among India's most trusted brands according to the Brand Trust Report 2014, a study conducted by Trust Research Advisory. It was a rise of 796 ranks considering it was listed at the 1090th position among India's most trusted brands in the Brand trust Report 2013. As of 6 January 2013 the bank had 4,000 plus service units 49 zonal offices spread all over India. It also has two overseas branches, on each in Singapore and Hong Kong. UCO Bank's headquarters is on BTM Sarani, Kolkata.

2. Review of Literature
Malhotra et al (2011) examined the behavior of profitability, cost of intermediation, efficiency, soundness of the banking system, and industry concentration for public and private sector Indian commercial banks. The empirical results show that competition in the Indian banking industry has intensified. While the net interest margin has improved, cost of intermediation is actually rising and banks are responding to the increased costs with higher efficiency levels.

Anurag. B. Singh et al (2012)examined the financial performance of SBI and ICICI Bank, public sector and private sector respectively. The research is descriptive and analytical in nature. The data used for the study was entirely secondary in nature. The present study is conducted to compare the financial performance of SBI and ICICI Bank on the basis of ratios such as credit deposit, net profit margin etc. The period of study taken is from the year 2007-08 to 2011-12. The study found

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that SBI is performing well and financially sound than ICICI Bank but in context of deposits and expenditure ICICI bank has better managing efficiency than SBI.

Guruswamy.D (2012)analyzed the profitability performance of SBI and its associates. The objectives of the paper are to study the profitability of SBI and Its Associates and to analyze the profitability performance of SBI and its Associates.Mohi-ud-Din Sangmi (2010) evaluated the financial performance of the two major banks operating in northern India .This evaluation has been done by using CAMEL Parameters, the latest model of financial analysis. Through this model, it is highlighted that the position of the banks under study is sound and satisfactory so far as their capital adequacy, asset quality, Management capability and liquidity is concerned.

MdReaz Uddin et al (2014) evaluated the performance of selected private commercial banks in Bangladesh. In the study, best efforts have been put on evaluating the performance. The growing pattern of branches, employees, deposits, loans and advances, classified loan, net income and earnings per share of selected private commercial banks has been considered to make an analysis on the performance evaluation of the selected private commercial banks.

Ahmed ArifAlmazari (2011)measured the financial performance of some selected Jordanian commercial banks for the period 2005-2009. It is evaluatory in nature, drawing sources of information from secondary data. The financial performance of banks is studied on the basis of financial variables and ratios. In this paper an attempt was made to analyze the financial performance of seven selected Jordanian commercial banks using simple regression in order to estimate the impact of independent variable represented by; the bank size, asset management, and operational efficiency on dependent variable financial performance represented by; return on assets and interest income size.

ChiakuChukwuogor-Ndu et al (2006) examined the comparative performance of small U.S. commercial banks ($100million to $300million) in assets with medium size ($1billion-$5billion) and large (greater than $5billion) for the period of 1997-2002. In view of the banking system deregulation and bank consolidation in the United States, it is necessary to constantly evaluate the performance of the various categories of banks to document the possible impact of these policy measures.

3. Need for the Study
The financial performance of Indian Bank and UCO Bank have become a fascinating topic for conversation, comment and debate. There is growing evidence of concern by the authorities on the declining financial performance of the banking system due to unsecured loans and advances. The RBI pressures on banks profitability and suggest various methods to reduce the unsecured loans and advances, with changes in the social and economic objective of Indian commercial banks particularly of State Bank of India and its associates. It becomes extremely over and finds remedial measures to reduce the financial performance in the value of new banking philosophy. The approach of policy makers towards financial performance has changed, with the result that low profits have become a fact of life. Therefore, it is high time to concentrate on analysis of the financial performance of Indian Bank and UCO Bank.

4. Objectives of the Study
- To study the financial performance of Indian Bank and UCO Bank.
- To compare the financial performance of Indian Bank and UCO Bank.

5. Scope of the Study
The study greatly giving attention on appraising any changes that perceived and revealed in the financial performance of Indian Bank and UCO Bank. In addition the study attempted to identify areas so as to improve the financial performance of Indian Bank and UCO Bank.

6. Limitations of the Study
Due to constraints of time and resources, the study is likely to suffer from certain limitations. Some of these are mentioned here under so that the findings of the study may be understood in a proper perspective. The study is based on the secondary data and the limitation of using secondary data may affect the results. The secondary data is taken from the annual reports of the Indian Bank and UCO Bank. It may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the banks.

Financial analysis is mainly done to compare the growth, profitability and financial soundness of the respective banks by analyzing the information contained in the financial statements. Financial analysis is done to identify the financial strengths

and weaknesses of the two banks by properly establishing relationship between the items of Balance Sheet and Profit & Loss Account. It helps in better understanding of banks financial position, growth and performance by analyzing the financial statements with various tools and evaluating the relationship between various elements of financial statements.

7. Research Methodology

In the present study, an attempt has been made to measure, evaluate and compare the financial performance of Indian Bank and UCO Bank. The study is based on secondary data that has been collected from annual reports of the respective banks, magazines, journals, documents and other published information. The study covers the period of 5 years i.e. from year 2010-11 to year 2014-15. Ratio Analysis was applied to analyze and compare the trends in banking business and financial performance such as Credit Deposit Ratio, Interest Expenses to Total Expenses, Interest Income to Total Income, Other Income to Total Income, Net Profit Margin, Net worth Ratio, Percentage Change in Total Income, Percentage Change in Total Expenditure, Percentage Change in Deposits, and Percentage Change in Advances. Mean, Standard Deviation, Standard Error, Coefficient of Variance and Compound Annual Growth Rate (CGR) have been used to analyze the trends in banking business profitability.

8. Data Analysis and Interpretation

8.1 Credit Deposit Ratio

Credit-Deposit Ratio is the proportion of loan-assets created by a bank from the deposits received. Credits are the loans and advances granted by the bank. In other words it is the amount lent by the bank to a person or an organization which is recovered later on. Interest is charged from the borrower. Deposit is the amount accepted by bank from the savers and interest is paid to them.

Table No.1: Credit Deposit Ratio (in %)

Year	Indian Bank	UCO Bank
2010-11	71.12	68.19
2011-12	74.77	75.02
2012-13	74.41	73.97
2013-14	75.31	74.97
2014-15	74.38	68.75
Mean	74.00	72.18
Standard Deviation	1.65	3.42
Standard Error	0.74	1.53
Coefficient of Variance	2.23	4.73
CAGR	1.12%	0.20%

Source: Dion Global Solutions Limited

Table 1shows that over the course of five financial periods of study the mean of Credit Deposit Ratio in Indian Bank was higher (74%) than in UCO Bank (72.18%). But the Compound Growth Rate in UCO Bank lowers 0.20% than in Indian Bank (1.12%). In case of Indian Bank the credit deposit ratio was highest in 2013-14 and lowest in 2010-11. But in case of UCO Bank the credit deposit ratio was highest in 2011-12 and lowest in 2010-11. This shows that Indian Bank has created more loan assets from its deposits as compared to UCO Bank.

8.2 Interest Expenses to Total Expenses

Interest Expenses to Total Expenses reveals the expenses incurred on interest in proportion to total expenses. Banks accepts deposits from savers and pay interest on these accounts. This payment of interest is known as interest expenses. Total expenses include the amount spent in the form of staff expenses, interest expenses, overhead expenses and other operating expenses etc.

Table No.2: Interest Expenses to Total Expenses (in %)

Year	Indian Bank	UCO Bank
2010-11	60.31	66.08
2011-12	66.69	74.06
2012-13	68.89	71.23
2013-14	70.42	67.47

2014-15	70.27	68.22
Mean	67.32	69.41
Standard Deviation	4.19	3.21
Standard Error	1.87	1.44
Coefficient of Variance	6.23	4.63
CAGR	3.89%	0.80%

Source: Dion Global Solutions Limited

The table 2 shows that the ratio of interest expenses to total expenses in Indian Bank was highly volatile it increased from 60.31 per cent to 66.69 per cent during the period 2010-11 to 2011-12. Afterwards it was decreased during the period 2014-15. The ratio of interestexpenses to total expenses in UCO Bank was also increased from 66.08 per cent to 74.06 percent during the period 2010-11 to 2011-12, afterward it was decreased from 74.06 percent to 67.47 per cent during the period 2011-12 to 2013-14 but further it was increased to 69.41 per cent in 2014-15. It has been found that the share of interest expenses in total expenses was higher in case of Indian Bank as compared to UCO Bank, which shows that people preferred to invest their savings in Indian Bank than UCO Bank.

8.3 Interest Income to Total Income
Interest Income to Total Income shows the proportionate contribution of interest income in total income. Banks lend money in the form of loans and advances to the borrowers and receive interest on it. This receipt of interest is called interest income. Total income includes interest income, non-interest income and operating income.

Table No.3: Interest Income to Total Income in Indian Bankand UCO Bank(in %)

Year	Indian Bank	UCO Bank
2010-11	88.79	92.47
2011-12	90.85	93.81
2012-13	91.52	94.62
2013-14	91.75	93.25
2014-15	92.08	90.62
Mean	91.00	92.95
Standard Deviation	1.31	1.52
Standard Error	0.59	0.68
Coefficient of Variance	1.44	1.64
CAGR	0.91%	-0.50%

Source: Dion Global Solutions Limited

The table 3 represents that the ratio of interest income to total income in Indian Bank is quite stable and volatile over the years. But the ratio of interest income to total income in UCO Bank is increased from 92.47 per cent to 93.25 per cent during the year 2010-11 to 2013-14, and decreased from 93.45 per cent to 90.62 per cent during the year 2014-15. The growth rate of Indian Bank is 0.91 while that of UCO Bank is -0.50. Thus, the proportion of interest income to total income in Indian Bank was higher than that of UCO Bank, which shows that people preferred Indian Bank to take loans and advances.

8.4 Other Income to Total Income
Other income to total income reveals the proportionate share of other income in total income. Other income includes non-interest income and operating income. Total income includes interest income, non-interest income and operating income.

Table No.4: Other Income to Total Income in Indian Bank and UCO Bank (in %)

Year	Indian Bank	UCO Bank
2010-11	11.21	7.53
2011-12	9.15	6.19
2012-13	8.48	5.38
2013-14	8.25	6.75

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2014-15	7.92	9.38
Mean	9.00	7.05
Standard Deviation	1.31	1.52
Standard Error	0.59	0.68
Coefficient of Variance	14.59	21.61
CAGR	-8.32%	5.66%

Source: Dion Global Solutions Limited

The table 4 shows that the ratio of other income to total income was decreased from 11.21 per cent in 2010-11 to 7.92 per cent in 2014-15 in case of Indian Bank. However, the share of other income in total income of UCO Bank was also decreased from 7.53 per cent in 2010-11 to 5.38 per cent 2012-13. Afterward the share of other income in total income of UCO Bank was increased from 5.38 per cent to 9.38 per cent during 2013-14 to 2014-15. The table shows that the ratio of other income to total income was relatively higher in UCO Bank (5.66%) as compared to SBI (-8.32%) during the period of study.

8.5 Net Profit Margin
Net Profit Margin reveals the financial results of the business activity and efficiency of management in operations. The table 5 shows the net profit margin in Indian Bank and UCO Bank during the period 2010-11 to 2014-15.

Table No.5: Net Profit Margin in Indian Bankand UCO Bank(in %)

Year	Indian Bank	UCO Bank
2010-11	16.26	7.37
2011-12	12.98	7.11
2012-13	10.42	3.49
2013-14	6.97	7.73
2014-15	5.84	5.33
Mean	10.49	6.20
Standard Deviation	4.29	1.78
Standard Error	1.92	0.79
Coefficient of Variance	40.84	28.63
CAGR	-22.59%	-7.81%

Source: Dion Global Solutions Limited

The table 5 shows that the ratio of net profits to total income of Indian Bank was varied from 16.26 per cent to 5.84 percent whereas in case of UCO Bank it is not stable. It decreased to 7.37 percent from 3.49 percent in 2012-13 then further increased to 7.73 percent in 2013-14 and finally decreased to 5.33 percent in 2014-15 during the period of 5 years of study. However, the net profit margin was higher in UCO Bank (-7.81%) as compared to Indian Bank (-22.59%) during the period of study. But it was continuously decreased from 2010-11 to 2014-15 in Indian Bank. Thus, the Indian Bank has shown comparatively lower operational efficiency than UCO Bank.

8.6 Net worth Ratio
Net worth Ratio is used for measuring the overall efficiency of a firm. This ratio establishes the relationship between net profit and the proprietor's funds.

Table No.6: Net Worth Ratio (in %)

Year	Indian Bank	UCO Bank
2010-11	25.07	69.22
2011-12	24.60	59.96
2012-13	27.18	121.75
2013-14	40.11	67.18
2014-15	47.78	94.53

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Mean	32.95	82.53
Standard Deviation	10.44	25.52
Standard Error	4.67	11.41
Coefficient of Variance	31.70	30.92
CAGR	17.49%	8.10%

Source: Dion Global Solutions Limited

It is clear from the table 6 that the net worth ratio of Indian Bank was decreased from 25.07 per cent to 24.60 per cent during 2010-11 to 2011-12, and increased in 2012-13 to 2014-15. Whereas the ratio was decreased from 69.22 per cent to 59.96 per cent during 2010-11 to 2011-12, and increased from 27.18 per cent to 47.78 per cent during 2012-13 to 2014-15 in UCO Bank. The table showed that the net worth ratio was higher in Indian Bank (17.49%) as compared to UCO Bank (8.10%) during the period of study, which revealed that Indian Bank has utilized its resources more efficiently as compared to UCO Bank.

8.7 Total Income
The total income indicates the rupee value of the income earned during a period. The higher value of total income represents the efficiency and good performance.

Table No.7: Growth in Total Income of Indian Bankand UCO Bank(in Crores)

Year	Indian Bank Total Income	% Change	UCO Bank Total Income	% Change
2010-11	10,542.92	0.00	12,296.21	0.00
2011-12	13,463.48	78.31	15,597.93	78.83
2012-13	15,180.58	69.45	17,703.88	69.45
2013-14	16,620.89	63.43	19,550.43	62.89
2014-15	17,216.30	61.24	21,362.53	57.56
Mean	14,604.83		17302.20	
Standard Deviation	2693.40		3523.73	
Standard Error	1204.52		1575.86	
Coefficient of Variance	18.44		20.37	
CAGR	13.04%		14.81%	

Source: Dion Global Solutions Limited

The table 7shows that the mean value of total income was higher in UCO Bank (Rs. 17302.20 crores) as compared to that in Indian Bank (Rs. 14,604.83 crores) during the period of study. However the rate of growth regarding total income was higher in UCO Bank (14.81%) than in Indian Bank (13.04%) during the period of study.

8.8 Total Expenditure
The total expenditure reveals the proportionate share of total expenditure spent on the development of staff, interest expended and other overheads. The higher value of total.

Table No.8: Total Expenditure of Indian Bankand UCO Bank(in Crores)

Year	Indian Bank Total Expenditure	% Change	UCO Bank Total Income	% Change
2010-11	8,828.85	0.00	11,389.68	0.00
2011-12	11,716.51	75.35	14,489.25	78.61
2012-13	13,599.45	64.92	17,085.70	66.66
2013-14	15,461.95	57.10	18,039.88	63.14
2014-15	16,211.12	54.46	20,224.74	56.32
Mean	13,163.58		16,245.85	

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Standard Deviation	2985.12		3406.74	
Standard Error	1334.99		1523.54	
Coefficient of Variance	22.68		20.97	
CAGR	16.41%		15.44%	

Source: Dion Global Solutions Limited

The table 8 discloses that the mean value of total expenditure was higher in UCO Bank (Rs. 16,245.85 crores) as compared to that in Indian Bank (Rs. 13,163.58 crore) during the period of study. But the rate of growth regarding expenditure in Indian Bank was (16.41%) than that in UCO Bank (15.44%) during the same period. It is clear that Indian Bank is successful in decreasing their total expenditure as compared to UCO Bank. The table also highlights that the annual growth rate of expenditure in Indian Bank was highest (75.35%) in the year 2011-12 and was lowest (54.46%) in the year 2014-15. In UCO Bank, the annual growth rate of expenditure was highest (78.61%) in the year 2011-12 and was lowest (56.32%) in the year 2014-15.Hence it is clear that Indian bank is more efficient as compared to UCO Bank in terms of managing expenditure.

8.9 Advances
Advances are the credit facility granted by the bank. In other words it is the amount borrowed by a person from the Bank. It is also known as "Credit" granted where the money is disbursed and recovery of which is made later on.

Table No.9: Total Advances of Indian Bankand UCO Bank(in Crores)

Year	Indian Bank Total Advances	% Change	UCO Bank Total Advances	% Change
2010-11	75,249.91	0.00	99,070.81	0.00
2011-12	90,323.60	83.31	115,540.01	85.75
2012-13	105,642.55	71.23	128,282.86	77.23
2013-14	122,208.99	61.57	149,584.21	66.23
2014-15	125,863.55	59.79	147,350.87	67.23
Mean	103,857.72		127,965.75	
Standard Deviation	21364.63		21404.19	
Standard Error	9554.56		9572.25	
Coefficient of Variance	20.57		16.73	
CAGR	13.72%		10.43%	

Source: Dion Global Solutions Limited

Table 9 presents that the mean of Advances of UCO Bank was higher (127,965.75) as compared to mean of Advances of Indian Bank (103,857.72). Rate of growth was also higher in Indian Bank (13.72%) than in UCO Bank (10.43%). Table also shows the per cent Change in Advances over the period of 5 years. In case of Indian Bank Advances were continuously increased (with a decreasing trend) over the period of study. However Advances in ICICI were increased till 2013-14 but these were increased in 2014-15.

8.10 Deposits
Deposit is the amount accepted by bank from the savers in the form of current deposits, savings deposits and fixed deposits and interest is paid to them.

Table No.10: Total Deposits of Indian Bankand UCO Bank(in Crores)

Year	Indian Bank Total Deposits	% Change	UCO Bank Total Deposits	% Change
2010-11	105,804.18	0.00	145,277.60	0.00
2011-12	120,803.80	87.58	154,003.49	94.33
2012-13	141,980.16	74.52	173,431.05	83.77
2013-14	162,274.82	65.20	199,533.55	72.81
2014-15	169,225.27	62.52	214,336.71	67.78
Mean	140,017.65		177,316.48	

Standard Deviation	26888.90		29364.85	
Standard Error	12025.08		13132.36	
Coefficient of Variance	19.20		16.56	
CAGR	12.46%		10.21%	

Source: Dion Global Solutions Limited

Table 10 presents that the mean of Deposits of UCO Bank was higher (177,316.48) as compared to mean of deposits of Indian Bank (140,017.65). However the rate of growth was higher in Indian Bank (12.46%) than that in UCO Bank (10.21%) during the period of study. Table also shows the per cent Change in Deposits over the period of 5 years. In case of Indian Bank and UCO Bank Deposits were continuously increasing over the period of study.

Conclusion
The current study and discussions thereon, certainly reveals that financial performance of Indian Bank and UCO Bank. Based on the study Indian Bank financial performance is better than UCO Bank. But in many cases, both Indian Bank and UCO Bank financial performance is good.

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