
A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE OF KARUR VYSYA BANK

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ABSTRACT

Banks are key financial intermediaries or institutions that serve as “middle man” in the transfer of fund from savers to those who invest in real assets as house, equipment and factories. In performing this function financial intermediaries improve the well-being of both saver and investor. This study analysis the Financial Performance of Karur Vysya Bank by comparative study. The researcher studied the survey on descriptive type of research. The study is fully depends on secondary sources of the data, which is provided by the bank annual reports. As per the study, that the bank has to re-orient their approaches in the light of their own powers and the kind of market in which they are likely to operate on. The researcher suggested to increase the profit, that the bank should decrease its operating expenses and increase its operating income. The study reveals that the financial Performance of KVB is noble during the study period from 2020 – 2021 to 2022- 2023.

Introduction

Banking in India started in the last decade of 18th century. Money lending activity in India could be traced back to the Vedic period. Money was accepted on deposits and given out in the form of advances. The English business community that came to India in 17th century could not use indigenous banking or bankers, due to language and other problems. The first bank in India called the General Bank of India was established in the year 1786. The East India Company started the Bank of Bengal in

Calcutta in 1809. **(Central Banking Enquiry report, 1931)**. By improving economic efficiency the banks raise living standard of the society. Commercial banks make the productive utilization of ideal funds, thus assists the society to produce wealth. Commercial Banks are the institutions specifically designed to further the capital formation process through the attraction of deposits and extension of credit. **(Goel, 2013)**

Statement of the Problem

The banking sector is considered to be an important source of financing for most businesses. The commercial Banking system provides a large portion of the medium of exchange of a given country, and is the primary instrument through which Monetary policy is conducted, through their deposit mobilization and lending operations. The performance of banking sectors, for supportable progress and growth, has been predictable since lengthy. Moreover, almost every sector, that visualizes importance of assessment, can adopt many methods to evaluate the performance. It prove to be better for recital measurement, evaluation and strategic planning for future growth and development of the Indian banks in the light of changing requirements of this sector. So the study focuses the comparative financial analysis of Karur Vysya Bank. (Central Office – Karur).

Objectives of the Study

- To study Balance Sheet and the Income and Expenditure Statement of the KarurVysya Bank, Central Office in Karur,
- To suggest suitable measures for collective conjoint benefits between bankers and customers in the study area.

Scope of the Study

The study focused the Comparative Balance Sheet and Comparative Income Statement, for the financial periods 2020-2021 to 2022-2023.

Research Methodology

Karur Vysya Bank has been selected for this study using random sampling method. The assessment is fully depends on secondary sources of the data, which is provided by the bank annual reports.

Limitations of the Study

The present study involves of the following limitations.

- The present study only related to Karur Vysya Bank Central Office in Karur not compare with other public and private banks
- The study covers the comparative statements only

Table No. 1
Comparative Balance Sheet of KVB – Central Office - Karur (2020 - 2021)
(₹. in 000's)

Particulars	2019 - 2020 (31.03.2020)	2020 - 2021 (31.03.2021)	Increase/ Decrease	%
CAPITAL & LIABILITIES				
Capital	1598642	1598642	0	0
Reserves and Surplus	64404110	67998753	3594643	5.58
Deposits	590750786	632784342	42033556	7.12
Borrowings	11841755	25282891	13441136	113.51
Other Liabilities & Provisions	14186408	18567250	4380842	30.88
Total	682781701	746231878	63450177	9.29
ASSETS				
Cash & Balance with RBI	27327640	31240546	3912906	14.32
Balance with Banks & Money at Call and Short Notice	16598785	31962842	15364057	92.56
Investments	157624457	160189253	2564796	1.63
Advances	460981082	503635056	42653974	9.25
Fixed Assets	5866369	5390597	-475772	-8.11
Other Assets	14384268	13813584	-570684	-3.97
Total	682781701	746231878	63450177	9.29

Source : Annual Report of KVB, Central Office, Karur

From the Table No.1 comparative statement shows that, Borrowings has risen to 113.51 percent in the year 2020-21 and There was no change in Capital at the year 2020-21. Balance with banks and money at call and short notice has risen to 92.56 percent in the year 2020-21 and fixed assets was decreased to 8.11 percent in the year 2020-21.

Table No. 2
Comparative Balance Sheet for KVB – Central Office- Karur (2021 - 2022)

(₹. in 000's)

Particulars	2020 - 2021	2021 - 2022	Increase/	%
	(31.03.2021)	(31.03.2022)	Decrease	
CAPITAL & LIABILITIES				
Capital	1598642	1600023	1381	0.08
Reserves and Surplus	67998753	74361970	6363217	9.36
Deposits	632784342	684860056	52075714	8.23
Borrowings	25282891	13390931	-11891960	-47.04
Other Liabilities & Provisions	18567250	26500240	7932990	42.72
Total	746231878	800713220	54481342	7.30
ASSETS				
Cash & Balance with RBI	31240546	35942616	4702070	15.05
Balance with Banks & Money at Call and Short Notice	31962842	13319107	-18643735	-58.3294
Investments	160189253	172160642	11971389	7.47
Advances	503635056	546612019	42976963	8.53
Fixed Assets	5390597	4784876	-605721	-11.24
Other Assets	13813584	27893960	14080376	101.93
Total	746231878	800713220	54481342	7.30

Source : Annual Report of KVB, Central Office, Karur

From the Table No. 2 comparative statement shows that, Reserve and surplus has risen to 9.36 percent, Deposits has risen to 8.23 percent and Borrowings are decreased to 47.04 percent in the year 2021-22. Balance with banks and money at call and short notice was decreased to 58.33 percent. Investments and advances were increased to 7.47 percent and 8.53 percent respectively in the year 2021-2022.

Table No. 3

Comparative Balance Sheet for KVB – Central Office- Karur (2022-2023)

(₹. in 000's)

Particulars	2021-22	2022-23	Increase/	%
	(31.03.2022)	(31.03.2023)	Decrease	
CAPITAL & LIABILITIES				
Capital	1600023	1604107	4084	0.26

Reserves and Surplus	74361970	84236429	9874459	13.29
Deposits	684860056	766375831	81515775	11.90
Borrowings	13390931	14320120	929189	6.94
Other Liabilities & Provisions	26500240	35257748	8757508	33.05
Total	800713220	901794235	101081015	12.62
ASSETS				
Cash & Balance with RBI	35942616	42794796	6852180	19.06
Balance with Banks & Money at Call and Short Notice	13319107	4156491	-9162616	-68.79
Investments	172160642	188083236	15922594	9.24
Advances	546612019	631341409	84729390	15.50
Fixed Assets	4784876	4350410	-434466	-9.08
Other Assets	27893960	31067893	3173933	11.39
Total	800713220	901794235	101081015	12.62

Source : Annual Report of KVB, Central Office, Karur

From the Table No. 3 comparative statement shows that, Capital have risen to 0.26 percent and borrowings and other liabilities & provisions was increased to 6.94 percent and 33.05 percent respectively. Fixed assets and Balance with Banks & Money at Call and Short Notice were decreased to 59.08 percent and 68.79 percent respectively in the year 2022-2023.

Table No. 4

Comparative Income Statement for KVB – Central Office- Karur (2020 - 2021)

(₹. in 000's)

Particulars	2019 - 20 (31.03.2020)	2020 - 21 (31.03.2021)	Increase/ Decrease	%
INCOME				
Interest earned	59899858	54704270	-5195588	-8.67
Other Income	11546181	10566472	-979709	-8.48
Total	71446039	65270742	-6175297	-8.64
EXPENDITURE				
Interest expended	36420443	31109126	-5311317	-14.583



Operating Expenses	17417110	19868312	2451202	14.07
Provisions & Contingencies (Net)	15258239	10699411	-4558828	-29.87
Total	69095792	61676849	-7418943	-10.73
PROFIT / LOSS (-)				
Net Profit / Loss (-) for the Year	2350247	3593893	1243646	52.91
Profit / Loss (-) brought forward	595661	17434	-578227	-97.07
Total	2945908	3611327	665419	22.58

Source : Annual Report of KVB, Central Office, Karur

From the Table No. 4 comparative statement shows that, profit has risen to 52.91 percent in the year 2020-21. Other income have decrease to 8.48 percent in the year 2020-21, interest earned was decreased to 8.67 percent in the year 2020-21. Operating expenses have risen to 14.07 percent in the year 2020-21 and total expenses were decreased to 10.73 percent in the year 2020-21.

Table No. 5

Comparative Income Statement for KVB – Central Office- Karur (2021 - 2022)

(₹. in 000's)

Particulars	2020 - 2021 (31.03.2021)	2021 - 2022 (31.03.2022)	Increase/ Decrease	%
INCOME				
Interest earned	54704270	55876737	1172467	2.14
Other Income	10566472	7690535	-2875937	-27.22
Total	65270742	63567272	-1703470	-2.61
EXPENDITURE				
Interest expended	31109126	28722967	-2386159	-7.67
Operating Expenses	19868312	18542198	-1326114	-6.67
Provisions & Contingencies (Net)	10699411	9569434	1172467	2.14
Total	61676849	56834599	-4842250	-7.85
PROFIT / LOSS (-)				
Net Profit / Loss (-) for the Year	3593893	6732673	3138780	87.34
Profit / Loss (-) brought forward	17434	410307	392873	2253.48

Total	3611327	7142980	3531653	97.79
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Source : Annual Report of KVB, Central Office, Karur

From the Table No. 5 comparative statement shows that, profit has increased to 87.34 percent in the year 2021-22 because the bank spend less proportion in expenditure. Interest earned have risen at less proportion which is to 2.14 percent in the year 2021-2022. The total income of that bank was decreased, which is compared with the year 2020-2021, it is 2.61 percent.

Table No. 6

Comparative Income Statement for KVB – Central Office, Karur (2022 - 2023)

Particulars	2021-2022 (31.03.2022)	2022-2023 (31.03.2023)	Increase/ Decrease	%
INCOME				
Interest earned	55876737	65165496	9288759	16.62
Other Income	7690535	11589371	3898836	50.70
Total	63567272	76754867	13187595	20.75
EXPENDITURE				
Interest expended	28722967	31677383	2954416	10.28
Operating Expenses	18542198	20319629	1777431	9.58
Provisions & Contingencies (Net)	9569434	13696937	9288759	97.06
Total	56834599	65693949	8859350	15.58
PROFIT / LOSS (-)				
Net Profit / Loss (-) for the Year	6732673	11060918	4328245	64.28
Profit / Loss (-) brought forward	410307	1304150	893843	217.84
Total	7142980	12365068	5222088	73.10

Source : Annual Report of KVB, Central Office, Karur

From the Table No. 6 comparative statement shows that, interest earned was increased to 16.62 percent other income was increased to maximum of 50.70 percent in the year 2022 - 2023. Provisions and Contingencies were increased to 97.06 percent in the year 2022 -2023 and total expenses were increased to 15.58. Profit has increased to 64.28 percent in the year 2022 -2023.

Suggestions

As per the investigation performed it has been found that the bank has to re-orient their approaches in the light of their own powers and the kind of market in which they are likely to operate on. To increase the profit, that the bank should decrease its operating expenses and increase its operating income. The bank must concentrate on their cash balances and bank balances. The bank must familiarize some superiority cognizance and tune their work system and procedures. Overall, the financial Performance of KVB is noble during the study period from 2020 – 2021 to 2022- 2023.

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