



A STUDY ON FINANCIAL PERFORMANCE OF PUNJAB NATIONAL BANK

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ABSTRACT

Finance is a branch of economics that deals with the allocation and management of resources, specifically money. It encompasses a wide range of topics, including investments, banking, personal finance, financial planning, insurance, and accounting. The main goal of finance is to make the most efficient use of money and resources to achieve an individual or a company's financial objectives. Companies with strong financial performance are generally considered to be in a better position to weather economic challenges, attract investment, and pursue growth opportunities.

INTRODUCTION

Financial performance is important for investors, creditors, and other stakeholders because it provides a snapshot of a company's financial situation and helps to predict future performance. Companies with strong financial performance are generally considered to be in a better position to weather economic challenges, attract investment, and pursue growth opportunities. The term financial statement includes at least two statements which the accountant prepares at the end of an accounting period. The two statements are: The Balance Sheet and profit & loss account helps a firm to identify short and profit & loss term and long-term growth forecasting

STATEMENT OF THE PROBLEM

The project work is titled with regard to Financial Statement performance of Punjab National Bank in view of Investment. The focus of financial analysis is on key figures in the financial statements and the significant relationship that exists between them. The analysis of financial statements is a process of evaluating relationship between component parts of financial statements to obtain a better understanding of the firm's position and performance for the purpose of investment.

OBJECTIVES OF THE STUDY

- To provide a strong theoretical framework for analysing financial statements.
- Find the net profit margins and operating profit margins of Punjab National Bank for five consecutive years.
- To study the financial position of the company and operation of Punjab National Bank.

METHODOLOGY OF THE STUDY

An Analytical research design is chosen for the study. This research is conducted to find out facts about the given topic from the answers obtained develop new and useful ways during things.

TOOLS

- ✓ Ratio analysis

REVIEW OF LITERATURE

- **Ram Bilas Agarwal, Dr.Mredu Goyal(2021) 3**, the author entitled is, "Non-Performing Assets of Banks". The study analysis COVID 19 pandemic has further worsened the NPA position of Banks. No study came across which is done on the basis of primary data collected from the small and marginal farmers directly to find out the difficulties faced by them in repayment of loan in their self-actual version.



- **M. Saptarshi, Jayadatta. S, Pragati Pattan, Sejal. K. Bhurat (2021) 4** , “A Study On NonPerforming Assets Management With Reference To ICICI Bank” studied on the Nonperforming assets management with reference to ICICI bank. This study uses historical research method for collection and analysis of data. And intends to find out the strategy required to reduce NPAs. The conclusion suggests that banks should follow the credit assessment procedure, adequate paperwork, frequent loan monitoring and internal risk reporting mechanism to reduce NPA.

ANALYSIS AND INTERPRETATION

YEAR	Current ratio	Cash ratio	ROA	Return on Networth	Net Profit Ratio	Debt Equity Ratio	Debt To Owners Fund Ratio	Proprietary Ratio
2018	0.12	0.03	-0.01	-23.03	-138.03	118.32	18.8	0.04
2019	0.09	0.04	-0.07	-66.5	-135.21	50.65	17.6	0.05
2020	0.09	0.04	-0.06	-39.67	3.62	46.39	13.09	0.06
2021	0.08	0.03	-0.06	37.56	-15.77	24.95	13.72	0.06
2022	0.01	0.04	0.05	32.43	28.05	26.96	13.48	0.06

FINDINGS, SUGGESTIONS AND CONCLUSION FINDINGS

LIQUIDITY RATIO

- The cash ratio has fluctuated over the years, starting at 0.03 in 2017-18, increasing to 0.04 in 2018-19 and 2019-20, decreasing to 0.03 in 2020-21, and then increasing again to 0.04 in 2021-22.
- The current ratio has also fluctuated over the years, starting at 0.12 in 2017-18, decreasing to 0.09 in 2018-19 and 2019-20, decreasing again to 0.08 in 2020-21, and then increasing to 0.10 in 2021-22.

PROFITABILITY RATIO

- Punjab National Bank's net profit has fluctuated over the years, starting at a loss of - 14,138.30 in 2017-18, increasing to a smaller loss of -135.21 in 2018-19, increasing again to a profit of 3.62 in 2019-20, then decreasing to a loss of -15.77 in 2020-21 and increasing to a profit of 28.05 in 2021-22.
- Return on net worth (RNW) measures a company's net income compared to its shareholder's equity. Punjab National Bank's RoNW has also fluctuated over the years, starting at a negative value of -23.03 in 2017-18, decreasing to a larger negative value of -66.5 in 2018-19, increasing to a smaller negative value of -39.67 in 2019-20, then increasing to a positive value of 37.56 in 2020-21 and decreasing to 32.43 in 2021-22.
- Return on assets (ROA) measures a company's net income compared to its total assets. Punjab National Bank's ROA has also fluctuated over the years, starting at a negative value of -0.01 in 2017-18, decreasing to a larger negative value of -0.07 in 2018-19, increasing to a smaller negative value of -0.06 in 2019-20, then increasing to a positive value of 0.06 in 2020-21 and decreasing to 0.05 in 2021-22.

SOLVENCY RATIO

- The debt ratio of Punjab National Bank remained constant at 1 from 2017-18 to 2021-22, indicating that the bank's total debt is equal to its total assets during these years.
- The proprietary ratio, which measures the proportion of assets financed by the owners' equity, has increased steadily from 0.04 in 2017-18 to 0.06 in 2021-22.
- This suggests that the bank has been able to generate more equity financing relative to its assets over the years. The constant debt ratio suggests that the bank has been maintaining a consistent level of debt relative to its assets. However, it is important to analyse this ratio in conjunction with other financial metrics, such as profitability and liquidity ratios, to gain a comprehensive understanding of the bank's financial health.

SUGGESTIONS

- From the research carried on working capital management of Punjab National Bank has shown that the bank has much concentrating on collecting deposits and advances. It is understood that the bank should pay some kind of concentration towards the upliftment of rural and downward trodden sectors.
- It has also put some interest on social and economic improvement of priority sector, Moreover, the bank has employed working capital very successfully and maintained a balanced structure of borrowed and owned capital but the lending policy should be vary and it should give more attention for increasing the loan facilities to the small and medium scale industries.



- From this study, we analyse that the investment policy of Punjab National bank should be improved and modified. In a nutshell the bank's performance, financial activities, working capital management and development activities or in a well-established manner.

CONCLUSION

Now-a-days, it is common for a commercial banks to maintain is liquidity position Financial strength, Working capital empowerment, Credit creation policy and Lending policy to survive in the competitive world of finance. The financial structure and portfolio management are well established by Punjab National Bank in a very successful manner. It is noted from this research that this bank has a predominant role in the financial market of India. It covers a wide area throughout the country by providing Long-term loans to the Large scale Organizations. The bank provides financial assistant to all types of organizations next to State Bank of India in the country. As a financial analysis, this research gives the result of better balancing of capital structure and working capital management by the Punjab National Bank during the last five years.

REFERENCE

1. Ram Bilas Agarwal, Dr. Mredu Goyal (2021) 3, "Non-Performing Assets of Banks".
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BOOKS

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WEBSITE

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