Financial Performance Analysis of Andhra Bank

Dr.K. Siva Nageswararao, Dr. Challa Madhavi Latha and
Dr.M. Venkataramanaiah

Abstract--- *The banking sector is the backbone of any economy. A bank acts as a catalyst to convert savings into investments so as to supply needy funds to the development of the economy in a county. The banking sector in India has started flourishing in the 19th century with the arrival of Europeans in India. The beginning of 19th century has witnessed the birth of many banks in India, Andhra Bank is considered as one of the premier banks that came into existence to cater to the financial needs of the Telugu Region. After Independence of India, Andhra Bank has grown by leaps and bounds and consequently the bank was nationalized in 1969. The study of the financial performance of the bank clues the readers how the bank is performing from several dimensions. With the help of the financial performance, one can understand how best the assets of bank are utilized during the general course of its business affairs. At this juncture, an earnest attempt has been made by the researcher to analyse the financial performance of Andhra Bank in terms of its profitability and the factors which helped in improving the financial health of the bank. The results clued that here is a growth in the total earnings of the Andhra Bank during the study period. The growth is positively significant. The income derived from loans and advances may be more than that of the interest paid on them including establishing charges. The working funds are utilized efficiently in the recent past when compared to the initial period of the study.*

Keywords--- *Andhra Bank, Scheduled Commercial Banks, Financial Performance, Indian Financial Market, Trend Analysis, Non-performing Asset (NPA).*

JEL Classifications--- *G2, G21, G24.*

I. INTRODUCTION

The Andhra Bank (AB) was founded by Bhogaraju Pattabhia Sitaramaiah, the eminent Gandhian and freedom fighter during 1923. It is located at Machilipatnam, Krishna District, Andhra Pradesh. He is the founder and inspiring person for modeling the visionary AB. The bank was registered as private bank in Novermber, 1923. It commenced operations during the same year. Its paid-up and authorized capital were Rs. 1,00,000 and Rs. 10,00,000 respectively. The registered office of the bank was shifted to Hyderabad after the formation of the state of Andhra Pradesh. The Bharath Lakshmi Bank of Andhra Pradesh was merged with it. In addition to banking business, the AB has entered into merchant banking, insurance, leasing and hire purchase, housing finance and mutual funds. All the branches were fully computerized. The bank has installed biometric and mobile ATMs in its operational area (Archana,2015). It has entered into memorandum of understanding with Credit Rating and Information Services of India Ltd., Western Union and so on. The bank has tele banking voice through computerised interactive system in

Dr.K. Siva Nageswararao, Assistant Professor, Department of Management Studies, Vignan Foundation for Science, Technology & Research, Guntur, Andhra Pradesh, India. E-mail: ksnr.vignan@gmail.com
Dr. Challa Madhavi Latha, Assistant Professor, Dept. of CSE, CMR College of Engineering & Technology, Kandlakoya, Hyderabad, Telangana, India. E-mail: saidatta2009@gmail.com
Dr.M. Venkataramanaiah, Assistant Professor, Dept of Commerce, SG Govt. Degree & PG College, Piler, Andhra Pradesh.
E-mail: mvrsvu@gmail.com

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three languages namely, Telugu, Hindi and English. There are overseas branches in the Gulf countries, exchange centers, tie-ups, Joint ventures etc. (Rao.H.P. 1987). It has designed agriculture credit cards, housing cards and so on. It collects direct and corporate taxes. The credit cards of the banks are accepted by the railways. It has obtained ISO-9001-2000 certification.

Profitability is one of the key variables of assessing the financial performance of entities in general and financial institutions and banks in particular. It reflects the effective and efficient use of financial resources at the disposal of the organization at a given point of time. Financial profitability assumes significance for a number of reasons. Firstly, financial sector reforms introduced in the country from 1991 and till date have placed financial institutions and banks in a competitive environment including global. Secondly, government has gradually withdrawn its equity to an extent over a period of time after the implementation of financial sector reforms as suggested by many committees, commissions, study groups, study teams, working groups and so on. Thirdly, banks have to adhere to capital adequacy norms with regard to tier I capital, tier II capital and capital to risk weighted asset ratios etc. Finally, banks have to enlarge their equity base through public issue if they desire to become financially viable, in terms of, banking business, profitability, and capital adequacy returns on assets, net worth and equity etc. Then there is an urgent need to update the knowledge with regard to factors which influence the profit of banks. Against this backdrop, an attempt is made to analyse the financial performance of the AB. The financial performance of the AB at a glance is compared with scheduled commercial banks, on an average, during the period of the study.

II. LITERATURE SURVEY

The purpose of review of literature is to know the studies that were previously undertaken on the theme of present research. It facilitates to identify the gaps in the existing literature. The existing available literature relating to the topic of research has been presented. The references are shown in terms of American Psychological Association model. The literature has been divided into two categories. Literature produced at the international level is discussed in one section and national level literature, in another section.

Sanjeev and Rani(2000) focused on the developments in the Russian banking structure. Their observations are many and varied in nature. The structure of banks is governed by the real sector of the economy. The banks have exposure to real sectors and they are vulnerable to any disruption in the process. This may adversely affect their future, which has already occurred. The government has to modify its policy to strengthen the investment and business climate in Russia. It has to safeguard the banking industry from the threats of external economic sources. To regulate the health of banks, the Government has to tighten the regulation on portfolio investment. Therefore, they have advocated that the reforms are required in the macro- economic policy of the government for the growth of banking sector in the Russia.

Udegbunam(2001) conducted a study on commercial banks in Nigeria. He has selected the banks which are in financial distress. The author states that the growth has significant and positive effect on the assets of banks. The return on assets has increased along with an increase in total assets. During the study period, banks were offered strong incentives to take risk. The managers of distressed banks have strong preference to take risk so as to boost the profitability. They are of the opinion that the risk prone would arrest the declining trend in the profits of banks.

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These banks have enhanced their earning capacity due to the expansion of assets particularly loans and advances. **Ramasastri et.al(2004)** studied the magnitude of interest and non – interest income in the schedule commercial banks after liberalization of banking sector in the country. The focus is on the trend in the progress of total income. **Meena(2005)** made an attempt to enquire into NPAs and their impact on profitability of banks. He has considered strategic variables like cost, income, margin, volume of business and so on. **Sheeva Kapil (2006)**studies the risk perception of banks in the US for the purpose of rating. The author has applied the supervisory CAMELs to reflect the degree of risk. The purpose is to ascertain the risk taking ability of banks. The author has identified the banks as efficient and inefficient on the basis of their risk absorption capacity. He did so with the help of supervisory CAMELs. He has concluded that the supervisory CAMELs would distinguish the banks on the basis of risk taking ability. Consequently, the banks are classified into efficient and inefficient. The supervisory CAMELs may permit the efficient banks to have more moral latitude in their investment strategies than inefficient banks.

Wong et. al. (2007) made an attempt to develop a model to identify the main forces that influence the profit of banking sector in general and select banks in particular. They have selected the banks in Hongkong as a case study. **Ali (2008)** designed a study to develop standards for measuring the performance of Tunisian banks. The aim is to prompt the Government to ensure stability and also register higher performance in the banking sector. **Malhotra and Singh(2010)** evaluated the impact of internet banking on the performance of banks in India. They have selected 82 scheduled commercial banks. The period of the study is from 1998 to 2007.

Brown and Skully (2010)in their paper evaluated the cost efficiency of banks in the Asia Pacific region. The aim of the study is to know the operating performance of banks in poor countries with the inclusion of environmental factors. **Jha and Hui (2012)** studied the financial performance of commercial banks in Nepal. A comparison is made between them. The Bank of Nepal is also brought into the sample. The analysis is carried out with reference to ownership pattern and the structure of commercial bank.

Tarawneh and Khataybeh (2015)analyzed the portfolio behaviour of commercial banks in Jordan. In their study, the authors have employed expected utility approach. They have examined the portfolio composition of banks and also the availability of funds.**Jyothi Reddy et. al (2016)**made an inquiry to know the services rendered by the AB to satisfy the customers located in Nellore city, Andhra Pradesh. The purpose of the study is to highlight the impact of demographic variables on the satisfaction of customers; to assess the dimensions of service quality in the banking industry in general and the AB in particular; and to measure the degree of satisfaction of customers over the services provided by the AB. They have conveniently selected 230 customers spread over Nellore city.

Narasimha Rao (2017) organized a study with a view to know the perception of employees on the process of knowledge acquisition in the AB. This is an empirical study. The objectives include: to evaluate the process of knowledge acquisition in the AB; and to ascertain the opinion of employees on the impact of knowledge acquired by the AB.**Rajendraand Yakub (2018)** undertook a study on the pace of progress of advances and recovery performance of the AB. The author has selected the AB as a case study. The issues highlighted include sectoral and activity wise advances, profitability and NPAs. The period of the study spans over 10 years i.e. 2007-16.

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III. SIGNIFICANCE OF THE STUDY

Therefore, there are intermediaries involved between the deficit spending units and surplus spending units. To achieve the economic objectives, capital formation is essential. In this regard, banks play a vital role. In the context of liberalization, privatization and globalization, banks have to adhere to transparency, international standards and self-sustainability since government is no longer pumping funds into the hands of banks. There is a need to earn reasonable profit, return on total assets, net worth and equity so as to maintain the ratio between capital and risk weighted assets. Therefore, analysis of financial profitability of banks is significant from different quarters. This is more so since commercial banks play a vital role in the Indian financial market. The Andhra Bank (AB) is one of the commercial banks in the country. This bank is popular in Andhra Pradesh. The head office is located in the undivided Andhra Pradesh and more than 75 percent of branches are in the south India.

Objectives

The broad objective of the study is to evaluate the financial profitability of AB. The specific objectives include:

1. To assess the financial profitability of the AB;
2. To analyse the factors that contributed to the financial health of the AB and compare with scheduled commercial banks, on an average.

Data

The present analysis considered the secondary data only. This has been collected from reports of the RBI, annual reports of the AB, books, journals, periodicals, magazines, websites and so on. The study spans over 10 years from 2008 to 2017.

Tools of Analysis

The collected secondary data has been processed, synthesized, tabulated, analysed and interpreted with the help of simple statistical tools. These include mean, standard deviation, coefficient of variation, compound annual growth rate and t-test. The financial analysis is carried out with the help of techniques like trend, comparative and ratio analyses. The ratios are presented in the form of percentage or proportion or number of times, as the case may be. Their usage is based on custom and tradition, the cause and effect relationship between the numerator and denominator, convenience, purpose, availability of secondary data and the like.

IV. EXPERIMENTAL ANALYSIS

A modest attempt is made in the following paragraphs analyze the financial performance of the Andhra Bank (AB). This analysis deals with the trend in the generation of income, progress in the expenditure expended, profit, profitability performance and comparison of the AB with the scheduled commercial Banks (SCBs) (Chidambaram, R.M and Alamelu, K.,1994; Chaudhuri, A and Saumitra, *M.*, 2002; Shilpa, B. 2006).

1. Trend in the generation of income

The progress in the income earned by the scheduled commercial Banks (SCBs) is presented in the Table 4.1. It can be observed from the Table 1 that the aggregate income of the AB was Rs. 4840.18 crores in 2008. It has gradually increased to reach Rs. 20335.72 crores in 2017 without any exception. Thus there is a growth in absolute figures. On an average, per year, the income earned is Rs. 12669.52 crores.

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Table 1: Trend in the Progress of Total Income of the Andhra Bank during 2008-17 (Rs. crores)

Year	**Amount**	**% of trend in col. (2)**	**% of change over previous year in col. (2)**
(1)	(2)	(3)	(4)
2008	4840.18	100	-
2009	6139.99	126.85	26.85
2010	7337.49	151.60	19.50
2011	9188.23	189.83	25.22
2012	12198.66	252.03	32.76
2013	13957.12	288.36	14.42
2014	15630.20	322.93	11.99
2015	17868.45	369.17	14.32
2016	19199.15	396.66	07.45
2017	20335.72	420.14	05.92
Mean	12669.52		
SD	5325.07		
CV (%)	42.03		
CAGR (%)	15.44		
t-cal	7.14*		

Note: * Indicates significant at 1 percent level.

Source: Relevant issues of the Andhra Bank, Annual Report, Mumbai.

The trend in the income from 2009 to 2017 over the base 2008 is in the range of 126.85 – 420.14 percent. The rate of increase in 2009 over 2008 is 26.85 percent. The rate of progress in 2017 upon 2006 is 5.92 percent. In the mean time, there are ups and downs. The year 2012 has reported 32.76 percent. The Coefficient of Variation (CV) is found to be 42.02 percent. The Compound Annual Growth Rate (CAGR) is 15.44 percent, which is significant at 1 percent level. It may be concluded that there is a growth in the total earnings of the AB during the period. In the intervening period, there are fluctuations in the yearly increment. There is inconsistency in the income earned by the Bank. The growth is positively significant. The trend analysis also reveals the same.

2. Growth in the pattern of expenditure expended

The aggregate expenditure expended by the AB is furnished in the Table 4.7. A glance at the Table shows that the total amount expended was Rs.4260.47 crores in 2008.

Table 2: Trend in the Aggregate Expenditure of the Andhra Bank for the period 2008-17 (Rs. crores)

Year	**Amount**	**(%) of trend in col. (2)**	**% of change over previous year in col. (2)**	**% of interest expended to interest earned**
(1)	**(2)**	**(3)**	**(4)**	**(5)**
2008	4260.47	100.00	-	68.16
2009	5486.19	128.77	28.77	69.71
2010	6291.64	147.67	14.68	65.56
2011	7921.16	185.93	25.91	61.15
2012	10854.00	254.76	37.02	66.85
2013	12668.00	297.34	16.71	70.90
2014	15194.60	356.64	19.95	73.86
2015	17230.00	404.42	13.40	72.28
2016	18659.30	437.96	08.30	69.83
2017	20161.40	473.22	08.05	69.32
Mean	11872.7			
SD	5492.39			
CV (%)	46.26			
CAGR (%)	16.82			
t-cal	6.49*			

Note: * Indicates significant at 1 percent level.

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This has gradually gone up to Rs.20161.40 crores in 2017 without any decline. The mean value is Rs.11872.70 crores. The trend in the subsequent period i.e. 2009-17 over the base year, 2008 is in the order of 128.77 – 473.22 percent. Further, there are variations in the yearly increment. It has varied between 8.05 percent and 37.02 percent during the reference period. The CV is 46.26 percent. The CAGR is 16.82 percent, which is significant at 1 percent level. The proportion of interest expended to interest earned was 68.16 percent in 2008 whereas it was 69.32 percent in 2017. There are variations in its proportion. The year 2011 has registered the lowest at 61.15 percent whereas 2014, the highest at 73.86 percent. It may be concluded that there is a growth in the total expenditure incurred by the AB during the study period. The growth is positively significant. There is an inconsistency in the expenditure incurred during the period. The trend in the subsequent period over the base year is positive. However, there are fluctuations in the yearly increment. There is an increase in the proportion of interest expended to interest earned in 2017 over 2008. It shows that the expenditure has gone up over and above the interest earned. The AB has not paid much attention to control of expenses or exhibited lethargic attitude in enhancing the interest income.

3. Margin on loan business

Another tool is employed to assess the performance of the AB from the view point of sanction and disbursement of loans and advances, income derived thereon, and expenses incurred thereto including establishment changes. The gross income to outstanding loans ratio (G) is found to be 14.14 percent in 2008 whereas it is 14.86 percent in 2017 (see Table 4.12). In the mean time, there are ups and downs. The year 2011 has registered the lowest at 12.86 percent. The interest paid to outstanding loans ratio (I) is 8.37 percent and 9.13 percent in the former and the latter serially. The gross margin ratio (N) (G-I) is 5.76 percent in 2008. It has declined to reach 5.73 percent in 2017 with fluctuations. It is less than 5 percent in three years such as 2013,2014 and 2015. The establishment expenses to outstanding loans ratio (E) is 2.66 percent in 2008 as compared to 2.52 percent in 2017. Finally, the net margin ratio (N1)(N-E) has increased from 3.10 percent in 2008 to 3.21 percent in 2017.

Table 3: Margin on Loan Business in the Andhra Bank for the period 2008-17 (%)

Year	**Gross income to outstanding loans ratio (G)**	**Interest paid to outstanding loans ratio (I)**	**Gross margin ratio (N) (G-I)**	**Establishment expenses to outstanding loans ratio (E)**	**Net-margin ratio (N1) (N-E)**
2008	**14.14**	**8.38**	**5.76**	**2.66**	**3.10**
2009	**13.91**	**8.49**	**5.42**	**2.50**	**2.92**
2010	**13.08**	**7.45**	**5.63**	**2.41**	**3.22**
2011	**12.86**	**7.10**	**5.76**	**2.39**	**3.37**
2012	**14.58**	**9.06**	**5.52**	**2.16**	**3.36**
2013	**14.19**	**9.31**	**4.88**	**2.07**	**2.81**
2014	**14.52**	**9.81**	**4.71**	**2.15**	**2.56**
2015	**14.19**	**9.39**	**4.80**	**2.18**	**2.62**
2016	**14.68**	**9.42**	**5.26**	**2.24**	**3.02**
2017	**14.86**	**9.13**	**5.73**	**2.52**	**3.21**

Source: Relevant issues of the Andhra Bank, Annual Report, Mumbai.

In the intervening period, variations are noticeable. It is less than three percent in four years such as 2009, 2013, 2014 and 2015. It may be said that there is an increase in the gross income to outstanding loans ratio, interest paid to outstanding loans ratio as against a decline in the gross margin ratio as well as establishment expenses to outstanding loans ratio. The decrease in the former is 0.03 percent while in the latter, it is 1.14 percent. Ultimately the net margin ratio has increased during the period. The decline in the establishment expenses to outstanding loans ratio is more than that of the decline in the gross margin ratio. That is why the net margin ratio has gone up during the period. It shows that the AB has conducted its loan operations efficiently and effectively in the recent past when compared to the earlier period. The income derived from loans and advances may be more than that of the interest paid on them including establishing charges. Hence, it might have contributed to the profitability of the Bank. Thus there is a margin on the loan and advances(Karup, N.P. 1990; Amandee, S.,1993; Bodla, B.S and Varma, R., 2007; Kaur, N and Kapoor, R., 2008). Hence the trend is welcome.

4. Profitability performance

Profitability is a relative term which measures the ability of the organization to earn profit. This is a ratio between earnings made and funds used in its operations (Gangadhar, V., 1999). It indicates the resource use efficiency of the Bank. Profitability performance is the excess of spread ratio over the burden ratio. The details of spread ratio in the AB are provided in the Table 4.13.

Table 4: Spread Ratio of the Andhra Bank for the period 2008-17(Rs. crores)

Year (1)	**Interest income (2)**	**Interest paid (3)**	**Spread (4)**	**% of change over previous year in col. (4) (5)**	**Ratio of spread to**	
					Volume of business (%) (6)	**Working fund (%) (7)**
2008	4209.56	2869.36	1340.20	-	1.60	2.37
2009	5374.62	3746.74	1627.88	21.47	1.57	2.38
2010	6372.86	4178.13	2194.73	34.82	1.64	2.43
2011	8291.28	5070.31	3220.97	46.76	1.97	2.96
2012	11338.70	7579.41	3759.32	16.71	1.98	3.01
2013	12909.70	9152.67	3757.02	-0.06	1.69	2.57
2014	14297.30	10560.00	3737.34	-0.52	1.50	2.23
2015	16368.60	11830.60	4538.03	21.42	1.62	2.45
2016	17634.70	12313.70	5320.96	17.25	1.74	2.66
2017	18027.40	12495.80	5531.65	03.96	1.67	2.49
Mean	11482.47	7979.67	3502.81			
SD	4909.52	3593.78	1366.08			
CV (%)	42.76	45.04	38.99			
CAGR (%)	15.66	15.85	15.23			
t-cal	7.02*	6.66*	7.41*			

Note: * Indicates significant at 1 percent level.

Source: Relevant issues of the Andhra Bank, Annual Report, Mumbai.

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It can be observed from the Table that the spread ratio has gradually grown from Rs 1340.20 crores in 2008 to Rs 5531.65 crores in 2017, leaving a decline in 2013 and 2014. The decrease is 0.06 percent and 0.52 percent in the former and the latter sequentially. In the rest of the period, the increment is in the range of 3.96 – 46.76 percent. The mean is Rs 3502.81 crores. The CAGR is found to be 15.23 percent, which is significant at 1% level. The ratio of spread to volume of business is 1.6 percent in 2008 whereas it is 1.67 percent in 2017. In the meanwhile, there are to and fro changes. For instance, the year 2014 has registered the lowest at 1.50 percent while 2012, the highest at 1.98 percent. The ratio of spread to working fund is 2.37 percent and 2.49 percent during 2008 and 2017 respectively. In the intervening period, there are fluctuations. For example, the year 2014 has registered the lowest at 2.23 percent whereas 2012, the highest at 3.01 percent. It may be concluded that there is instability as well as growth in the spread. The trend in the ratio of spread to volume of business is favourable from the view point of the Bank. It means that the interest income is more than the interest expense. This is higher in the recent period when compared to the initial period. The ratio of spread to working fund has showed a similar trend. In other words, it may be said that the working funds are utilized efficiently in the recent past when compared to the initial period of the study. The results are encouraging as it improves the strength and financial health of the AB

5. Comparative Analysis of AB & SCB

The deposit to aggregate resources is 87.48 percent and 77.82 percent in the AB and SCB sequentially. It shows that the strength of the former in mobilising deposit is greater than that of latter. The share of loans and advances to total funds deployed is 64.88 percent in the AB vis-à-vis 59.75 percent in the SCB. This reveals that, the AB has disbursed loans and advances more than the SCB. The proportion of priority sector advances to total advances is 35.37 percent and 29.77 percent in the former and the latter respectively. The performance of AB in pumping funds to the priority sector is relatively better. The share of borrowings to total resources is 5.97 percent in the AB as against 9.69 percent in the SCB. It indicates that the AB has conducted its operations with lesser borrowings when compared to the SCB. It may be concluded that, the AB has fared well, in terms of mobilisation of deposits, borrowings, deployment of funds and coverage of activities under priority sector. In the remaining 4 indicators the performance of the SCB is superior to that of the AB.

Details pertaining to select indicators between the AB and per SCB, on an average, are furnished in the Table 4.39. It can be observed from the table that the interest earned to total income is 90.63 percent in the AB and 86.52 percent in SCB. It shows that the interest earning capacity of the AB is relatively more than that of SCB. Like this, operating profit to volume of business (4.09 percent), return on equity (118.87 percent), gross NPAs to total advances to priority sector (5.06 percent), gross NPAs to total advances to non-priority sector (15.59 percent) and provision for NPAs to NPAs (45.15 percent) are better in the AB than in SCB. In all these respects, the former is more efficient as compared to the latter. In the remaining indicators such as interest expended to total expenditure (74.61 percent), operating profit to total assets

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Table 5: Comparison between Andhra Bank and per SCB, on an Average, during 2008-17

S.No.	Indicator	Percentage	
		Andhra Bank	On an average, per SCB
1	Interest earned to total income	90.63	86.52
2	Interest expended to total expenditure	79.69	74.61
3	Net margin on loan business	3.02	3.36
4	Profitability performance	1.30	1.46
5	Interest coverage (no. of times)	1.13	1.16
6	Operating profit to volume of business	4.09	1.45
7	Operating profit to total assets	1.94	2.00
8	Return on total assets	0.58	0.79
9	Return on net worth	10.76	10.85
10	Return on equity	118.87	102.15
11	Gross NPAs to gross advances	5.58	3.54
12	Gross NPAs to total assets	3.62	2.39
13	Net NPAs to net advances	3.05	1.80
14	Net NPAs to total assets	1.98	1.08
15	Gross NPAs to total advances in priority sector	5.06	26.77
16	Gross NPAs to total advances in non-priority sector	15.59	75.28
17	Provision for NPAs to NPAs	45.15	50.84
18	Amount recover to the amount involved in the cases referred to	9.97	16.26
19	Capital to risk weighted assets.	12.39	16.08

Source: Relevant issues of the Andhra Bank, Annual Report, Mumbai

(2 percent), interest coverage ratio (1.16 times), net margin on loan business (3.36 percent), profitability performance (1.46 percent), return on total assets (0.79 percent), return on net worth (10.85 percent), gross NPAs to gross advances (3.54 percent), gross NPAs to total assets (2.39 percent), net NPAs to total advances (1.08 percent), net NPAs to net advances (1.80 percent), recovery from NPAs to amount involved in the cases referred to DRTs, Lok Adalats etc (16.26 percent) and CRAR (16.08 percent) in SCB. The performance of SCB is superior to that of the AB. In all these areas, SCB has conducted its operations more efficiently and effectively than the AB. It may be concluded that the SCB may be favorably compared to that of the AB in terms of 13 indicators while the AB scores over SCB in the remaining 6 indicators. Finally, we may say that the financial performance of per SCB, on an average, is better than that of the AB during the study period.

V. SUMMARY AND CONCLUSION

The development and growth of banking sector India is commendable in independent India and it reaches new heights after adoption of financial reforms in Indian economy during 1991. The induction of financial reforms has posed some serious disadvantages those are hampered the financial health of banks. The Andhra Bank as one of the premier bank of its age is not an exceptional to escape from these grave problems posed by financial reforms. Hence, the researchers are felt that there is a dire need to analyse the financial performance of the Andhra Bank in order to understand the financial health of the bank. The primary objective of the study is to evaluate the financial profitability of Andhra Bank.

From the above analysis it may be concluded that there is a growth in the total earnings of the AB during the study period. The growth is positively significant. There is an increase in the proportion of interest expended to

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interest earned in 2017 over 2008. The income derived from loans and advances may be more than that of the interest paid on them including establishing charges. Hence, it might have contributed to the profitability of the Bank. There is instability as well as growth in the spread. The trend in the ratio of spread to volume of business is favourable from the view point of the Bank. This is higher in the recent period when compared to the initial period. In other words, it may be said that the working funds are utilized efficiently in the recent past when compared to the initial period of the study. The results are encouraging as it improves the strength and financial health of the AB. The performance of SCB is superior to that of the AB. In all these areas, SCB has conducted its operations more efficiently and effectively than the AB. The SCB may be favorably compared to that of the AB in terms of 13 indicators while the AB scores over SCB in the remaining 6 indicators. Finally, we may say that the financial performance of per SCB, on an average, is better than that of the AB during the study period.

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