



PERFORMANCE EVALUATION OF ANDHRA PRAGATHI GRAMEENA BANK IN ANDHRA PRADESH WITH VARIOUS RATIOS

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Abstract

The RRBs were established to develop the agricultural economy by providing low-priced banking facilities to the poor, significantly for the event of agriculture, trade, commerce, industry, and different productive activities within the rural areas. With a read in providing credit and different facilities by the RRBs to little and marginal farmers, agricultural laborers, petty traders or little business entrepreneurs, rural artisans, and for the matters connected thereupon and incidental to that.

The Andhra Pragathi Grameena bank was established for the development of poor and needy in the country. This bank mostly sited in villages and their main priority was rural people development like provides loans and services to agriculture and allied activities. The RRBswere strengthening the villages financial, economic and social.

Ratio analysis is that the most vital tool for analyzing these money statements. The figures then speak of liquidity, solvency, profit, etc. of the business. Each organization plans to organize the money statements at the tip of the year (like Profit and Loss account and Balance Sheet) to shows the profit and money health of the business. Accounting ratios objects and blessings area unit quantitative relation analysis is a very device for analyzing the money statements. It helps the bankers, creditors, investors, shareholders, etc.in exploiting enough information concerning the profit and money health of the business.

Keywords:*Ratio analysis, profit & loss account, balance sheet, APGB, Andhra Pradesh.*

Introduction

The Andhra Pragathi Grameena Bank (APGB), sponsored by Syndicate Bank, within the state of the state, came into existence on 01.06.2006 when the uniting of three RRBs specifically Rayalaseema Grameena Bank, Sree Ananta Grameena Bank, and Pinakini Grameena Bank, into one entity by a Notification of India. The Bank is functioning with a network of eight Regional Offices (552 Branches 326 Rural, 144 Semi-urban, 82 Urban) with its Head workplace at Kadapa.

Besides, the potential and therefore the want for diversification of economic activities in rural areas had begun to be recognized, and this sector wherever the RRBs might play a significant role. The RRBs Act, 1976 has summed up this overall vision to sub-serve each event and therefore the redistributive objectives. The APGB bank has continued to take care of smart work and internal controls throughout 2018-19 additionally. A risk-based internal audit was conducted in 402 branches against the target of 389 branches by internal inspecting. The web examination eTHIC is additionally enforced from twenty-fifth Feb 2019 for the year 2018-19 with this module forty-two branches were inspected. NABARD inspected for the year 2018-19 was conducted from third July 2018 to twentieth July and awarded ‘A’ grade rank.



APGB objectives were extending the business sustainably with consistent efforts and convey all the households within the operational space into banking folds. Fine-tune the prevailing merchandise and style new merchandise and services to match the competition prevailing within the market. Mold the employees of the bank as computer literate, technologically, and to realize a hundred digital mechanization of branches. Profit alone isn't the saying of APGB however maximization of the well-being of the weaker sections in rural areas. The bank has been implementing Government Sponsored impoverishment alleviation programs, like IRDP, for the economic upliftment of the weaker sections of the society and additionally concentrating on priority sector disposition to the target cluster in line with the underlying business philosophy. The vision of the bank was to ascertain the development of the weaker sections.

Objective of the study

1. To understand about the role of APGB in Andhra Pradesh.
2. To analyze the ratio analysis performance of Andhra Pragathi Grameena bank in Andhra Pradesh.

Research Methodology

The research paper contains the primary and secondary sources data. Primary data was collected from direct interviews with the bank staff, published reports. Secondary data was collected from Journals, unpublished articles, books and websites are used for the purpose of this research paper.

Ration analysis of andhra pragathi grameena bank (APGB) In Andhrapradesh:

The accounting quantitative relation simplifies and summaries a protracted array of information and makes them perceivable. A comparison of profit and money soundness is created between one firm and another within the same business. Accounting ratios area unit useful in prediction and also the plans for the long run. The present year's ratios area unit compared with those of the previous years and if some weak spots area unit so set, remedial measures area unit taken to correct them. Accounting ratios area unit ready for many years; they'll reveal the trend of prices, sales, profits, and alternative vital facts. It helps them in discharging their social control functions e.g., planning, organizing, directing, communication, and dominant additional effectively. In quantitative relation analysis the ratios are also classified into the 5 classes as follows; (A) Liquidity quantitative relations (B) profit Ratios (C) Activity Ratios (D) Economic condition Ratios (E) Assets Quality Ratio.

The current ratio in the year 2010 was 2.44 times; in 2013 it was 1.48 times; in 2017 it was 3.55 times and in 2019 it was 2.59 times. The average current ratio was 2.43 times by the APGB between the study periods. The total current assets were increased to Rs.8,35,120.51 lakhs (2.52 times); total current liabilities also increased to Rs.3,14,866.65 lakhs (2.33 times). The current ratio was increased by 0.15 between 2010 and 2019.

The Credit Deposit Ratio for the present year 2019 is 0.95 times. During the period 2009 to 2013, the ratio was increased rapidly from 0.99 times to 1.21 times. Later the ratio has shown the downtrend from 2014 to 2017 from 0.92 times to 0.87 times. The maximum ratio is 1.21 times recorded in the 2013-14 period and the minimum ratio is 0.82 times in the year 2016-17. The average level of credit deposit ratio of the bank is 1.017 times. The total advances were increased to Rs.10,18,118.89 lakhs (2.90 times); Total deposits were also increased to Rs.10,80,744.48 lakhs (3.07 times). The credit deposit ratio was decreased 0.04 between 2009-10 and 2018-19.

The Cash to deposit Ratio for the year 2018-19 is 48.97%. In the initial period from 2009 to 2011, the ratio increased from 71.42% to 71.53 percent. Later in 2013 suddenly the ratio fell by 56.84 percent. The highest ratio of APGB is 71.53 percent in the year 2012 and the lowest ratio is 48.19% in the year 2015. The total cash& bank balances were increased to Rs.4,29,470.75 lakhs (2.04 times); Total deposits were also increased to Rs.10,11,893.24lakhs (3.44 times). The cash to deposit ratio was decreased by 22.45 between 2009-10 and 2018-19.

Table-1:Ratio of Andhra Pragathi Grameena Bankduring 2010-19

Year	Current Ratio (times)	Credit deposit Ratio (times)	Cash to deposit Ratio (%)	Net profit margin Ratio (%)
2009-10	2.44	0.99	71.42	39.35
2010-11	1.56	1.03	71.40	48
2011-12	1.56	1.20	71.53	55.49
2012-13	1.48	1.34	56.84	57.40
2013-14	2.03	1.21	53.11	59.16
2014-15	3.22	0.92	48.19	61.03
2015-16	3.21	0.84	52.96	61.26
2016-17	3.55	0.82	51.42	64.14
2017-18	2.70	0.87	49.47	76.11
2018-19	2.59	0.95	48.97	85.28

Source: Annual reports of Andhra Pragathi Grameena Bank.

The Net profit margin ratio was 85.28% in 2019. In 2009 -10 the ratio is 39.35 percent. The maximum ratio was 85.28 percent in the year 2018-19 and the minimum ratio is 39.35 in the 2009-10 year. The average ratio is 60.72 percent for Andhra Pragathi Grameena bank. The total net profit was increased to Rs.12449 lakhs (1.16 times); Total revenue was stabled to Rs.27,106.68 lakhs. The net profit margin ratio was increased by 45.93% between 2010 and 2019.

The Return on equity ratio of Andhra Pragathi Grameena bank during the period during 2009 to 2019 the ratio was increased continuously. The highest ratio was 46.32 percent recorded in the year 2018-19 and the lowest ratio was 21.38 percent in the year 2009-10.The average return on equity ratio is 32.98 percent for the APGB in the study period. The total net income of APGB has increased to Rs.12,44,900 lakhs; Total revenue was stabled to Rs.49,90,000 lakhs and the return on equity ratio was increased to 24.94% between 2010 and 2018-19.

The Working capital turnover ratio was 0.03 times in 2019. At the beginning stage 2009-10 to 2010-11 there was growth in working capital turnover ratio from 0.14 times to 0.25 times. The highest ratio 0.25 times in the year 2010-11 and the lowest ratio 0.03 times were recorded in 2018-19. The average working capital turnover ratio is 0.098 times in the study period. The total revenue was stabled to Rs.27,106.68 lakhs; the total working capital was increased to Rs.5,20,255.86 lakhs. The working capital turnover ratio was decreased from 0.14 to 0.03 between 2009-10 and 2018-19.

Table-2: Ratio analysis of Andhra Pragathi Grameena Bank during 2010-19

Year	Return on equity ratio (%)	Working capital turnover ratio (times)	Debt equity ratio (Times)	Net NPA Ratio (%)
2009-10	21.38	0.14	6.62	0
2010-11	26.07	0.25	6.93	0.29
2011-12	30.14	0.19	6.85	0.45
2012-13	31.18	0.15	7.32	0.08
2013-14	32.13	0.08	6.86	1.02
2014-15	33.15	0.04	6.87	1.23
2015-16	33.27	0.04	7.05	2.14
2016-17	34.84	0.03	6.61	2.03
2017-18	41.34	0.03	7.04	1.19
2018-19	46.32	0.03	7.17	0

Source: Annual reports of Andhra Pragathi Grameena Bank.

The debt-equity ratio was 7.17 times in 2019. During the study period, the ratio was ratio has increased from 6.62 times to 7.17 times. The maximum ratio of the bank was 7.32 times in the year 2012-13 and the minimum debt-equity ratio recorded 6.61 times in the year 2016-17. The total debt was increased to Rs.11,16248.37 lakhs; the total net worth was increased to Rs.1,50,014.65 lakhs and the Debt equity ratio was increased to 0.55 times between 2009-10 and 2018-19.

The Net NPA ratio was 0.29 in 2010-11; it increased to 2.03 and decreased to 1.19 in 2017-18 and it was recorded as zero in 2019. The lowest ratio recorded for APGB in the year 2009 and 2019 is '0' percent. The highest Net NPA ratio is 2.14% in the year 2015-16.

Findings

- The APGB has shown the highest current ratio 3.55 times in the year 2017 and recorded the lowest current ratio 1.48 times in the year 2013.
- The credit deposit ratio was decreased 0.04 between 2009-10 and 2018-19.
- The average Net profit margin ratio was 60.72 percent for Andhra Pragathi Grameena bank.
- The highest return on equity ratio was 46.32 percent recorded in the year 2018-19 and the lowest ratio was 21.38 percent in the year 2009-10.
- The average working capital turnover ratio is 0.098 times in the study period.
- The lowest ratio recorded for APGB in the year 2009 and 2019 is '0' percent. The highest Net NPA ratio is 2.14% in the year 2015-16.

Suggestions

- Management should take necessary action to maintain the current ratio in a better manner as like as 3.55 ratios in the year 2016-17.
- Bank management should take measures to improve the credit deposit ratio as 1.34 times as like as 2012-13.
- Management should improve the cash to deposit ratio.



- The management should concentrate on maintenance of Net profit margin ratio in a stable position as like as 85.28% in 2018-19.
- The return on equity ratio is continuously increasing in the study period. It is suggested that, the management should take measures to maintain the growth in the ratio.
- APGB authorities should take measures to increase the working capital turnover ratio.

Conclusion

Some of the important ratios called liquidity ratio, Solvency ratio, Profitability ratio, Activity ratio, and asset quality ratios are explained well in this chapter. The recovery performance of APGB is good. The Andhra Pragathi Grameena bank was performing well in the Nellore district with the help of fieldwork. In Andhra Pradesh state also the APGB was in top position with the business, big network over 5 districts. The best part was in this the bank succeeds to motivate and educate their customers about E-commerce, online banking, using ATMs, and also promote the government schemes availing for different category people like SC, ST, and BC, etc.

Reference

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