
**PERFORMANCE OF MANAGEMENT EFFICIENCY PROVIDES THE
WAY FOR PROFITABILITY – WITH SPECIAL REFERENCE TO
KARUR VYSYA BANK**

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ABSTRACT

The quality of management is known with judgment of the strength of the board of directors and employees, due to this, it can be easy to measure and control the risk of an institution's functions. It is very helpful for establishing the safe, sound and efficient operation in any organization with applicable laws and regulations with effective manner. With the help of effective management efficiency long term survival and sustained growth rate of any bank can be ensure in this competitive era. Each and every management of bank takes essential and solid decisions which are totally depend on the perception of the risk factor. It ensures the roadmap of vision and goals for the organization and also how it can be achieved significantly. Strong management efficiency assigns premium to better quality banks and discount poorly managed ones.

Keywords: Management Efficiency, Judgment, and Organization.

I. INTRODUCTION

The Karur Vysya Bank Limited is an Indian old private commercial bank. It is one of leading banks in India, headquartered in Karur in Tamil Nadu, India. It was established in the year 1916 by M.A. Venkatarama Chettiar and Athi Krishna Chettiar. Initially this bank operates in treasury, corporate/wholesale banking and retail banking segments.

Karur Vysya Bank provides services such as personal, corporate, agriculture banking and services to NRIs and MSME.

II. OBJECTIVES

The main objective of the study is to know consequence of management efficiency performance on profitability of Karur Vysya Bank.

III. RESEARCH METHODOLOGY

- **Scope of the Study:-**This study will provide wider scope to management efficiency and profitability performance of Karur Vysya Bank. This will be helpful for its strength and development in future for this bank.
- **Period of the Study:-**This research paper is an attempt of investigative research on management efficiency and profitability of Karur Vysya Bank covering the period of last 6 years i.e. 2012-13 to 2017-18, based on the secondary data sourced from journals, magazines, articles, media reports and annual reports of this bank.
- **Data Collection-** Secondary Data.
- **Statistical Techniques:-**In accordance with the analysis and interpretation averages and various accounting ratios has been used with the help of MS- Excel.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Analysis of Key Indicators of Karur Vysya Bank

Years	2013	2014	2015	2016	2017	2018	Average
Interest Income (Rs. In Crore)	4242	5116	5396	5443	5622	5700	5253.17
Other Income (Rs. In Crore)	453	564	581	707	782	900	664.50
Total Income (Rs. In Crore)	4695	5680	5977	6150	6404	6600	5917.67
Interest Expenses (Rs. In Crore)	3084	3832	3930	3662	3549	3402	3576.50
Advances (Rs. In Crore)	29480	33992	36109	39084	40908	44800	37395.50
Deposits (Rs. In Crore)	38653	43758	44690	50079	53700	56890	47961.67
Total Business (Rs. In Crore)	68133	77750	80799	89163	94608	101690	85357.17
Spread (Rs. In Crore)	1158	1284	1466	1781	2073	2298	1676.67
Total Expenses (Rs. In Crore)	3846	4842	5033	4847	4834	4823	4704.17
Other Operating Expenses (Rs. In Crore)	762	1010	1103	1185	1285	1421	1127.67
Burden (Rs. In Crore)	309	446	522	478	503	521	463.17
Net Profit (Rs. In Crore)	550	430	464	568	606	346	494.00
Number of Employees	6730	7339	7197	7211	7400	7956	7305.50
Number of Branches	551	572	629	667	711	790	653.33

Source: Compiled and computed from Various Annual Reports of Karur Vysya Bank.

Interest income has been registered to Rs. 4242 crore in the year 2011-12 and it has been reached to Rs. 5700 crore in the year 2017-18 with average interest income of Rs. 5253.17 crore during the study period. Other income has been found Rs. 453 crore in the year 2012-13 and it has been increased to Rs. 900 crore in the year 2017-18 with average other income of Rs. 664.50 crore every year. Above both aspects exhibit that lending and technology adoption in banking activities are regularly increasing in this bank and this bank is totally focused for that and this bank has been secured average total income of Rs. 5917.67 crore during the study period.

Advances and deposits are also increasing every year in this bank; it is a good sign for this bank. Due to these two aspects, total business is also increasing with average total business of Rs. 85357.17 crore during the study period.

Spread is increasing every year it shows that income from lending is increasing in this bank. Burden is also increasing every year except in the year 2015-16 during the study period, bank should try to reduce it for better profit.

Fluctuating trend of net profit has been secured by this bank, it is just because of poor management efficiency of this bank, and bank should try to improve it for uniform and increasing profit generation.

Although number of employees and branches is increasing every year during the study period, it shows increasing availability of this bank across the country.

Table 2: Management Efficiency Analysis of Karur Vysya Bank

Years	2013	2014	2015	2016	2017	2018	Average
Advances Per Branches (Rs. In Crore)	53.50	59.43	57.41	58.60	57.54	56.71	57.20
Deposits Per Branch (Rs. In Crore)	70.15	76.50	71.05	75.08	75.53	72.01	73.39
Business Per Branch (Rs. In Crore)	123.65	135.93	128.46	133.68	133.06	128.72	130.58
Income Per Branch (Rs. In Crore)	8.52	9.93	9.50	9.22	9.01	8.35	9.09
Expenses Per Branch (Rs. In Crore)	6.98	8.47	8.00	7.27	6.80	6.11	7.27
Spread Per Branch (Rs. In Crore)	2.10	2.24	2.33	2.67	2.92	2.91	2.53
Burden Per Branch (Rs. In Crore)	0.56	0.78	0.83	0.72	0.71	0.66	0.71

Crore)							
Net Profit Per Branch (Rs. In Crore)	1.00	0.75	0.74	0.85	0.85	0.44	0.77
Advances Per Employee (Rs. In Crore)	4.38	4.63	5.02	5.42	5.53	5.63	5.10
Deposits Per Employee (Rs. In Crore)	5.74	5.96	6.21	6.94	7.26	7.15	6.54
Business Per Employee (Rs. In Crore)	10.12	10.59	11.23	12.36	12.78	12.78	11.65
Income Per Employee (Rs. In Crore)	0.70	0.77	0.83	0.85	0.87	0.83	0.81
Expenses Per Employee (Rs. In Crore)	0.57	0.66	0.70	0.67	0.65	0.61	0.64
Spread Per Employee (Rs. In Crore)	0.17	0.17	0.20	0.25	0.28	0.29	0.23
Burden Per Employee (Rs. In Crore)	0.05	0.06	0.07	0.07	0.07	0.07	0.06
Net Profit Per Employee (Rs. In Crore)	0.08	0.06	0.06	0.08	0.08	0.04	0.07

Source: Compiled and Computed from Various Annual Reports of Karur Vysya Bank.

Advances per branch, deposits per branch and total business per branch has been secured fluctuating trend during the study period, it clears mismanagement is having in extreme level in this bank; bank should try to work on its management structure.

Above same condition has been found in income per branch, expenses per branch, spread per branch, burden per branch and in net profit per branch. It clearly shows the poor performances of some branch during the study period, bank should try to point out such branches and closed down it and bank can do improvement in it by changing the management structure of these types of branches.

Average advances per employee, deposits per employee and total business per employee has been secured by this bank of Rs. 5.10 crore, Rs. 6.54 crore and Rs. 11.65 crore respectively during the study period, it shows that per employee performance is better in this bank, bank should try to maintain it and should try to increase in the performance of employee by providing them better incentives time to time.

Income per employee is better than expenses per employee, due to these two aspects, better spread per employee, burden per employee and net profit per employee has been secured by this

bank during the study period. But it is suggested to this bank for increasing its employee's performance because they have the ability to perform better than they have performed during the study period.

Table 3: Profitability Analysis of Karur Vysya Bank

Years	2013	2014	2015	2016	2017	2018	Average
Interest Earned Ratio	6.23	6.58	6.68	6.10	5.94	5.61	6.19
Interest Paid Ratio	4.53	4.93	4.86	4.11	3.75	3.35	4.25
Non-Interest Income Ratio	0.66	0.73	0.72	0.79	0.83	0.89	0.77
Other Operating Expenses Ratio	1.12	1.30	1.37	1.33	1.36	1.40	1.31
Spread Ratio	1.70	1.65	1.81	2.00	2.19	2.26	1.94
Burden Ratio	0.45	0.57	0.65	0.54	0.53	0.51	0.54
Profitability	1.25	1.08	1.17	1.46	1.66	1.75	1.39

Source: Compiled and Computed from Various Annual Reports of Karur Vysya Bank.

In profitability analysis of this bank, it has been found that Interest earned ratio has been decreased from last three years during the study period, bank should try to increase it. Interest paid ratio is decreasing from last four years it is good sign for this bank and it shows that this bank is trying to reduce inappropriate expenses. Performance of non-interest income ratio has been found impressive but bank should try to improve it more and more and also try to reduce other expenses ratio by controlling the other expenses. Spread ratio has been secured increasing trend except in the year 2013-14 during the study period, it clears that this bank is focused on earning more and more from its lending operations. Burden ratio has been secured decreasing trend in last three years during the study period, it shows that this bank is working on its expenses and trying to reduce it as much as possible. As per the above management efficiency ratio and profitability ratio analysis it has been found that this bank has been secured only 1.39 percent average profitability during the study period.

V. FINDINGS AND SUGGESTIONS

Burden is increasing every year except in the year 2015-16 during the study period, bank should try to reduce it for better profit earning in future. Fluctuating trend of net profit has been secured by this bank, it is just because of poor management efficiency of this bank, and bank should try to improve it for uniform and increasing profit generation. Advances per branch, deposits per branch and total business per branch has been secured fluctuating trend during the study period, it clears mismanagement is having in extreme level in this bank; bank should try to work on its management structure. Same condition has been found in income per branch, expenses per

branch, spread per branch, burden per branch and in net profit per branch. It clearly shows the poor performances of some branch during the study period, bank should try to point out such branches and closed down it and bank can do improvement in it by changing the management structure of these types of branches. It is suggested to this bank for increasing its employee's performance because they have the ability to perform better than they have performed during the study period.

After solving above mentioned issues, profitability can be definitely increased in this bank in future.

VI. CONCLUSION

Finally, it is concluded that this bank is performing its duties with proper management efficiency but not as much it can do in this competitive era. And there is a need for this bank to extreme level of working on its management efficiency performance because it can increase the average profitability percentage from 1.39 percent to some more extent and this bank has the capability for doing this.

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