

**FINANCIAL PERFORMANCE AND FACILITIES RENDERED BY LAKSHMI VILAS BANK, BANGALORE-
AN ANALYSIS**

**Dr.B. Percy Bose,
Associate Professor and Head,
Department of MFA,
Jyoti Nivas College Autonomous, PG Centre, Bangalore**

Abstract

The origin of modern financial institutions can be traced to antiquity, where the individuals used to accept money in the form of deposits and lend it to people who needed for meeting their requirements which may be economic or social. As times advanced, the character of economic transactions also changed. And now lending is major function in banking sector. Facilities rendered by the bank like loans, advances; deposits etc are the vital components as they fetch major revenue to the banks. The study was undertaken in the day to day transaction department of the bank branch, Thippasandra, Bangalore. The branch has efficient assessment procedure for loan sanctioning, opening savings bank account, jewel loan procedure etc which were absorbed while undergoing the project in the branch. The intensive efforts put by the management and staff of Lakshmi Vilas Bank has helped the bank in achieving a good progress in almost all the important parameters.

INTRODUCTION TO THE BANKING

In the past, economic advancement was unknown. Consequently, the use of money for buying and selling was very much restricted. With the development of communications, economic progress and the spread of science, and growth of economic and political institutions, the use of money also expanded. Along with the use of money, the use of credit instruments also developed. The origin of modern financial institutions can be traced to antiquity, where the individuals used to accept money in the form of deposits and lend it to people who needed for meeting their requirements which may be economic or social. As times advanced, the character of economic transactions also changed. Old order of borrowing and lending underwent metamorphic changes. Finance became a powerful instrument for any change. In fact, the innovations in the field of transport and communications, development of energy and manufacturing have resulted in innovations in the sphere of banking.

BRIEF HISTORY AND BACKGROUND OF LVB

The Lakshmi Vilas Bank Limited was founded eight decades ago in 1926 by 7 people of Karur under the leadership of Shri V.S.N.Ramalinga Chettiar, mainly to cater to the financial needs of varied customer segments. The bank was incorporated on November 03, 1926 under the Indian Companies Act, 1913 and obtained the certificate to commence business on November 10, 1926. The bank obtained its license from RBI in June 1958 and in August 1958 it became a Scheduled Commercial Bank. During 1961-65 Lakshmi Vilas Bank took over 9 banks and raised its branch network considerably. To meet the emerging challenges in the competitive business world, the bank started expanding its boundaries beyond Tamil Nadu from 1974 by opening branches in other states of Andhra Pradesh, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Gujarat, West Bengal, Uttar Pradesh, Delhi, and Pondicherry. Mechanization was introduced in the head office of the Bank as early as 1977. At present, with a network of 362 branches and 8 extension counters, spread over 15 states and the union territory of Pondicherry, the Bank's focus is on customer delight, by maintaining high standards of customer service and amidst all these new challenges, the bank is progressing admirably. Lakshmi Vilas Bank has a strong and wide base in the state of Tamil Nadu, one of the progressive states in the country, has a vibrant industrial environment. LVB has been focusing on Retail Banking, Corporate Banking and Bancassurance, is rendering high-tech services which include:

- RTGS and NEFT enabled electronic funds transfer services
- Internet Banking
- Mobile Banking and SMS alerts
- Electronic Clearing Services (ECS)
- National Electronic Clearing Services(NECS)
- Payment through mobile phone via, Pay mate.
- VISA Enabled International Debit Card

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. Research is done systematically. In that various steps, those are generally adopted by a researcher in studying the problem along with logic behind them. It is important for researcher to know not only the research method but also to know methodology. This study is on descriptive research.

OBJECTIVES OF THE STUDY

- To study the various services offered by Lakshmi Vilas Bank Ltd.
- To analyse the financial performance of Lakshmi Vilas Bank Ltd.

SERVICES RENDERED BY LAKSHMI VILAS BANK

LOANS

1. LAKSHMI BUSINESS CREDIT: This is a convenient loan scheme designed for the trading community for quick and hassle(disturb) free loans to meet their financial needs. Lakshmi Business Credit can be availed by all kinds of traders like Department stores, Wholesalers, Retailers, Distributors, Jewelers and Grocery Merchants etc..
2. LAKSHMI HOME LOAN: Individuals and HUFs with sufficient income and who can produce satisfactory proof of such income by way of salary certificates, Income Tax Certificates etc can avail loans under the scheme.
3. LAKSHMI RENTAL LOAN: Borrowers may utilize the loan facility to meet their personal expenditure requirements for investments or for general corporate purposes.
4. LAKSHMI PERSONAL VEHICLE LOAN: Salaried persons who are permanent employees of
 - State / Central Government
 - Public Sector undertakings / corporations
 - Private Sector Companies of repute
 - Reputed establishment
5. LAKSHMI EASY LOAN: to meet personal and domestic expenses, make fresh investments including tax- planning , pay income tax, invest in business etc..
6. LAKSHMI GOLD POWER: this type of loan is to meet the personal/ agricultural/business requirements of Individuals, Business entities etc.
7. VIDHYA LAKSHMI LOAN: this loan helps to meet expenses connected with the pursuit of higher secondary education, specific courses of study at recognized institutions, including professional or job oriented courses, which offer reasonable opportunity for employment.
8. LAKSHMI SMALL BUSINESS LOAN: This loan is for Working capital requirements or for purchase of machinery or equipments required for the business. This also needs some eligibility, that is

Individual or Proprietorship concerns engaged in small trade or small business, commission agents etc are eligible for finance under this scheme.

9. LAKSHMI COMMERCIAL VEHICLE LOAN: This loan is designed for purchase of new commercial vehicles including Oil Tankers, LPG bullet tankers, multi axel vehicles, passengers vehicles, buses, JCB, Road rollers, Poclain Unit, Harvesters and other Earth Movers etc.

DEPOSITS

1. SAVINGS BANK: LVB is intended to promote the healthy habit of Savings and for the steady growth of one's money in the bank.
 - "No-Frills SB ACCOUNT" is available primarily to low income group people of the society, downtrodden men and women, students, senior citizen, weaker sections of the society, financially and economically backward people, who are mainly residing in rural and semi urban centers of the country.
 - LAKSHMI SAVINGS GOLD: This account offers special privileges to their customers who maintain an Average monthly minimum balance of Rs 10,000 and above.
 - LAKSHMI SAVINGS STAR GOLD: this account offers special privileges to their customers who maintain an average monthly minimum balance of 20,000 and above.
 - LAKSHMI SAVINGS BALANCE FREE: A savings that is been designed exclusively for children or youth.
2. CURRENT ACCOUNT: LVB has a wide range of products from vanilla to accounts bundled with many attractive features catering to the requirements of small business to corporate.
3. FIXED DEPOSITS: This will be suitable for planned expenditure or savings. Interest will be paid on Monthly, Quarterly basis.
4. RECURRING DEPOSITS : this type of account is helpful for suitable for Tax planning, Annual payment commitments like Insurance premium, long term requirements like purchase of consumer articles/ durables, house construction, children's education.

ONLINE SERVICES

1. LVB's HANDYPAY- Mobile Payment Service : this Online Service helps the customer to make payments to the bank through mobile by sending a SMS as "LVBDOWNLOAD" to 9282441155. URL will be received in SMS to download the Handy Pay application. Select the exact handset or mobile make, exact model and download the handy pay application.
2. National Electronic Fund Transfer: LVB has offered this facility where customers can transfer their funds through electronic way, nationwide also. And this facility will be offered only for the amount that is less than two lakh rupees.
3. Real time Gross Settlement System: also known as RTGS. This enables an efficient, secure, economical and reliable system of transfer of funds between accounts of customers of different banks.
4. Internet Banking: Internet banking allows customers to conduct financial transactions on a secure website operated by their retail or corporate services.

5. SMS Banking: this Banking facility helps to bring banking on our mobile phone. We can use our mobile phone to inquire our latest account balance, know the status of cheque book request etc through SMS.
6. Apply Online: this Online Service helps to open an account with LVB online. The entire customer just needs a Internet connection.
7. ECS: It allows fund transfer electronically between accounts held at different banks, facilitated through a clearing house.

WEALTH MANAGEMENT SERVICES

1. LIFE INSURANCE: The Lakshmi Vilas Bank Ltd. Has entered into a tie up with the Giant in the Life Insurance sector- LIC of India for soliciting Life Insurance policies for our customers. All the products of LIC are available in LVB branches. It opens up a reliable and trustworthy investment avenue, making LVB a one stop shop for all financial requirements.
2. General Insurance : The Lakshmi Vilas Bank Ltd has business with M/s Bajaj Allianz General Insurance, one of the country's leading private insurance companies is a joint venture between Bajaj Auto Ltd; India's largest 2 and 3 wheeler giant company and Allianz SE , the world's largest Insurance Company with 700 subsidiaries across 70 countries.
3. ECGC- Export Credit Guarantee Corporation: the LVB has tied up with ECGC as a corporate Agent to market their products, particularly Export credit insurance policy.
4. Portfolio Management Services: Bank has tied up with UTI Asset Management Company for offering port folio management services products across the branches network, portfolio management services (PMS) is an investment portfolio in stocks, fixed income, debt, cash, structured products and other individual securities managed by professional money/ fund managers that can potentially be tailored to meet specific investment objectives of the investors.
5. Demat Services: The LVB is offering Depository services for the benefit of its customers. Through this facility, our customers can hold their securities in electronic form with National Securities Depository Ltd (NSDL). Thus the customers of the bank can open a Demat accounts with the bank branches.
6. PAN services: LVB is authorized to service the PAN application and for this purpose, they have made an arrangement with UTI Technology Services Ltd. Customer as to submit applications to issue PAN card through all the branches. And the customer can get the PAN card by simply filling up the application form.
7. New Pension System: PFRDA has authorized the LVB to act as point of presence (PoP) under New Pension System (NPS) for all Indian citizens except Government Employees Covered by NPS.
8. Online Trading Service: the LVB in tie up with IDBI CAPS is offering Online Trading Services for the benefit of its customers. Through this facility, our customers can trade in equity and Future and Options in BSE and NSE. Thus the customers of the bank can now open Online Trading Accounts through our designated branches.

VARIOUS TYPES OF ADVANCES

1. General Terms Related to Credit
2. Advances on Deposits
3. Jewel Loan
4. Goods Loan and Key Cash Credit
5. Term Loan –Project Financing –General
6. Advances against Hypothecation of Vehicles
7. Advances against Hypothecation of Machineries
8. Advances against Government Securities
9. Advances against Shares
10. Home Loan
11. Third Party Guarantee for Advances
12. Financing of Rent Receivables(Lakshmi Rental Loan)

FINANCIAL PERFORMANCE OF LAKSHMI VILAS BANK LTD.

TABLE NO.1
TABLE SHOWING ASSET TURNOVER RATIO
(in lakhs)

PARTICULAR	2012-13	2013-14	2014-15
REVENUE	1677,18,18	1957,61,44	2201,94,22
ASSETS	16162,86,63	17666,68,03	206530572
ASSET TURNOVERRATIO	0.104	0.111	0.117

The above table shows the Assets Turnover Ratio of the bank from 2012-2015 which shows that in the year 2012-13 it was 0.104 , in the year 2013-14 it was 0.111 and the year 2014-15 it is 0.117. It shows that there was a continuous growth in the asset turnover from 2012 -2015. This brings a positive impression on the bank.

TABLE NO.2
TABLE SHOWING CURRENT RATIO
(in lakhs)

PARTICULARS	2012-13	2013-14	2014-15
CURRENT ASSETS	562,99,49	577,56,79	543,11,62
CURRENT LIABILITY	568,47,59	553,35,79	510,36,12
CURRENT RATIO	0.991	1.044	1.064

Normally a current ratio of 2:1 is considered satisfactory. The table reveals the current ratio of the bank from 2012-2015, that is in the year 2012-13 it was 0.991, in the year 2013-14 it was 1.044 and in the year 2014-15 it is 1.064. This table shows a improvement in every year. This interprets that the current ratio throws a light on the short term financial position of the bank. It is an indicator of firm’s ability to promptly meet its short term liability. None of the year has met the standard ratio ie, above 2. This shows a negative impression. But if the improvement continues, it will be good indicator of the bank.

TABLE NO. 3
TABLE SHOWING NET PROFIT MARGIN
 (in lakhs)

PARTICULARS	2012-13	2013-14	2014-15
NET PROFIT	59,65,55	91,57,45	107,36,54
REVENUE	2201,94,22	1957,61,44	1677,18,18
NET PROFIT MARGIN	2.713	4.677	6.402

From the above table, the net profit for the year 2012-13 is Rs.59,65,55 and profit for the year 2013-14 has increased when compared to the previous year and shows a value of Rs.91,57,45 and in the year 2014-15 it increased to Rs.107,36,54. And the revenue of the bank increases every year that is from 2012-2015 and the Net Profit Margin of the bank is 2.713 in the year 2012-13, 4.677 in the year 2013-14 and 6.402 in the year 2014-15.

TABLE NO.4
TABLE SHOWING OPERATING MARGIN PERCENTAGE RATIO
 (in lakhs)

PARTICULARS	2012-13	2013-14	2014-15
OPERATING INCOME	223,56,13	251,14,70	308,99,12
TOTAL REVENUE	1677,18,18	1957,61,44	2201,94,22
OPERATING MARGIN RATIO	0.133	0.128	0.141

Operating margin ratio is being shown on the above table which indicates 0.133 for the year 2012-13 and shows a slight decline in the year 2013-14 which is 0.128 and in the year 2014-15 shows a good improvement and indicates a value 0.141. The slight decline in the ratio of the year 2013-14 when compared to the year 2012-13 which is 0.133, but this has not continued in the following year 2014-15 and has shown an increase of 0.141. As operating income is one of the essential factor that any kind of business should have and there is no negative sign in the KVB bank's operating income. And this good sign in operating income has been reflected in its ratio also.

TABLE NO. 5
TABLE SHOWING NON PERFORMING ASSETS AND ITS PERCENTAGE
 (in lakhs)

PARTICULARS	2012-13	2013-14	2014-15
NET NPA	176,59,30	28380,90	443,39,16
NET NPA %	1.74	2.85	4.39

The above table shows the values of Non Performing assets and its percentage. The above table shows that NPA% for the year 2012-13 is 1.74, 2013-14 is 2.85, and for 2014-15 it is 4.39. The year 2012-13 is showing the least value when it is compared with the year 2013-14 and 2014-15. It is gradually increasing in its following years. This increase in NPA year after year is not a very good sign for any kind of profit oriented firm or business. Proper measures have to be taken in order to control them.

TABLE NO. 6
TABLE SHOWING CASA PERFORMANCE OF THE BANK
(in Lakhs)

PARTICULARS	2012-13	2013-14	2014-15
NO. OF SAVINGS ACCOUNTS	333	125	198
BAL O/S	68.00	19.71	17.20
NO. OF CURRENT ACCOUNTS	30	19	5
BAL O/S	1.21	5.45	14.83
TOTAL CASA	363	144	203
BAL O/S	104.33	25.16	32.03

The above table represents the CASA performance of the bank for the three years that is from 2012-2015. In the year 2012-13 it was 363 with a outstanding balance of Rs.104.33. In the year 2013-14 it was 144 with a balance outstanding of Rs.25.16. And in the year 2014 it was 203 with an outstanding balance of Rs.32.03. There is a decline in the Total CASA in the year 2013-14. but gradually there is an increase in CASA in the 2014-15 year.

FINDINGS

1. The bank branch has been newly opened in the year 2011 and the new services or facilities rendered by Lakshmi Vilas Bank (Thippasandra Branch) has a good growth sign in the beginning years like 2012-13,2013-14, and 2014-15. A good foundation leads to the good future. And, its term loan, home loan and other CASA products are slowly improving in its growth. The growth is because the bank is advertising, by conducting programs in schools, news paper advertisements, putting up stalls etc.
2. Term loans have a slow growth because, loans and advances for a newly opened branch cannot reach high on the beginning few years and bank concentrated more on savings bank deposits.
3. Term deposits have a normal growth, but they are more than savings deposits. The amount is also higher and the accounts held are also higher than savings deposit. One of the reasons is the Interest rate. But there is a good improvement in the term deposits, because the branch has been opened in the year 2011 and showed an improvement in this deposit scheme. And when the number of accounts holders increases, then gradually the cash also increases.
4. Demand deposit, this deposit is the combination of both current account and savings account. Here, this demand deposit has decreased in the year 2014-15 when compared to 2013-14. Because the current account deposit is low..
5. Flexi current account renders more benefits and follows simple formalities when compared to current account. It mainly attracts the business people and the growth in this account is comparatively higher than current account.
6. Cash credit also tends to attract the customers and shows the growth in these three years. The growth is because, the cash credit is for a longer period of time when compared to overdraft and only cash credit account holders can access it.
7. Home loan and term loans are some of the growing services of the bank, one of the reasons for the slow growth is, the bank shows focus light on deposits and savings.

8. Savings Bank Deposits are doing well in the bank because various savings schemes are available, with different attractive rate of interest, which cover all set of people like Ladies, students, general public, business man etc...the reason why there is a good improvement because, the branch mainly concentrates on saving deposits.
9. One of the reason why the bank mainly aims savings deposit is because, when they encourage more savings, the inflow of cash is more, and here they can also invest the cash or even render loans like term loans, home loans etc.. and earn income through interests.
10. CASA products like Lakshmi savings gold, Lakshmi balance free, Lakshmi Mahila power, Lakshmi youth power etc... are also being improved year after year because of the advertisement made, a keen focus to achieve the targets, friendliness with customers and the trust that they have built in, and other attractive schemes done by bank.

CONCLUSION

The study undertaken has helped a lot in gaining knowledge of the varied products and services offered by the branch in relation deposits, loans and advances etc. lending is the major functions in banking sector. Deposits, loans of the bank have become very vital in the revenue of the banking activities as a result of efficiency in managing it. The study has given an insight into the working of the banking department with regard to the procedure based on certain criteria to be remained as per the banking norms and other rules and regulation set by head quarter bank and the central bank RBI. It also helps one to understand the financial performance of the bank and efficiency of managing valuable funds of the bank. The concerted efforts put in by the management and the staff of Lakshmi Vilas Bank has helped the bank in achieving remarkable progress in almost all the important parameters. The bank is marching in the correct direction of achieving the competitive position of the banking industry.

REFERENCES:

- Reddy Appannaiah, Law and Practice of Banking
- Manual of instruction on deposits
- Annual reports of the bank
- www.ivbank.com