

FINANCIAL APPRAISAL OF THE IDBI BANK: EMPIRICAL EVIDENCE FROM IDBI CAPITAL**Dr.Suman Kalyan Chaudhury***Faculty Member, P.G. Department of Business Administration, Berhampur University, Berhampur.***Prof.D.P.Mishra***Professor, P.G. Department of Business Management, F.M.University, Balasore.***Mr.Priyabrata Mohanty***Research Scholar, P.G. Department of Business Management, F.M.University, Balasore.***ABSTRACT**

This paper examines the soundness or otherwise of liquidity position and capital adequacy as well as effectiveness of various financial indicators to reflect the performance of IDBI Capital by applying various statistical techniques like t-test and correlation and is concerned with banking organization that offers a customized service. The IDBI Capital uses various indicators for measuring its financial performance. These indicators are of great importance and tell us the true financial position of the bank. These indicators help in identifying the strengths and weaknesses of the IDBI Capital and suggesting improvements in its future working. It is, thus, very important for a banking or business concern to analyze its financial performance at the end of each financial year. A sound financial system is indispensable for the growth of a healthy and vibrant economy. The investment companies play an important role in the mobilization of deposits to various sectors of the economy. The present investment system is the fuel injection system which spurs economic efficiency by mobilizing savings and allocating them to high return investment. This research work is mainly done to find the overall financial position; to understand the overall performance through financial indicators; and to measure the liquidity position of the IDBI Capital.

Keywords: *Financial appraisal, PAT, ROI, Financial system, Financial Institutions.*

INTRODUCTION

One of the foremost considerations for granting of credit facilities for any project is the financial position of a concern. Banks employ various techniques for financial appraisal. However, there is neither any uniformity in appraisal nor any standard norms are fixed for such appraisal. The position may be different from bank to bank and from project to project within the same bank depending upon the nature and the size of the project. Financial appraisal is a method used to evaluate the viability of a proposed project by assessing the value of net cash flows that result from its implementation. Financial appraisals differ from economic appraisals in the scope of their investigation, the range of impacts analysed and the methodology used. A financial appraisal essentially views investment decisions from the perspective of the organization undertaking the investment. It therefore measures only the direct effects on the cash flow of the organisation of an investment, decision. By contrast, an economic appraisal considers not only the impact of a project on the organisation sponsoring the project, but also considers the external benefits and costs of the project for other government agencies, private sector enterprises and individuals- regardless of whether or not such impacts are matched by monetary payments. Financial appraisals also differ from economic appraisals in that: market prices and valuations are used in assessing benefits and costs, instead of measures such as willingness to pay and opportunity cost; the discount rate used represents the weighted average cost of debt and equity capital, rather than the estimated social opportunity cost of capital; and The discount rate and the cash flows to which it is applied are usually specified on a nominal basis as the cost of debt and cost of equity are observed only in nominal terms. A financial analysis of a project is undertaken to assess whether it will be commercially profitable for the enterprise implementing it. A private firm will undertake a financial analysis of a potential investment in order to determine its impact on the firm's balance sheet. Governments and international agencies will also routinely undertake a financial analysis, as well as an economic analysis, of any project in which the output will be sold. Research confirms that countries with a well developed banking system grow faster than those with a weaker one. Fase and Abma (2003) argued that the expansion of the financial system could have a positive repercussion on economic growth of a country. Levine (2005) suggested five channels through which

financial systems may have an effect on economic growth: Financial intermediaries, monitor investment, manage risk, mobilise savings and facilitate the exchange of goods and services. In a study on banks and stock market it was found that they positively influenced economic growth (Beck and Levine, 2004). The strength of an economy hinges on the strength and efficiency of the financial system, which, in turn, depends upon a sound and solvent banking system.

A sound investment system efficiently deploys mobilized deposits to productive sectors and a solvent investment system ensures that the investment company is capable of meeting its obligation to the depositors. Patrick (1996) opined that financial sector acts as supply leading to transfer of resources from traditional, low growth sector to high growth sector and to promote and stimulate an entrepreneurship response in the high growth sector.

As it is clear from above discussion that the role of banking and investment companies are very significant in the economy in capital formation. A sound trading and investment system proves to be one of the pillars of economic, social and industrial growth of a country. In the recent past, the SEBI regulators have introduced a number of measures to link the regulation of investment banks to their level of risk and financial liability. The regulators also recommend the supervision on asset quality, management quality, earnings and liquidity rating to assess the performance of investment companies. The Criterion used by the capital market to allocate resources is efficiency, which is conventionally measured in terms of profit. A firm would thus succeed to obtain funds from the capital market if it has been profitable in the past or has a profit making potential in the future. The capital market consists of investors individuals and institutional who decided about the allocation of funds to the firm on the basis of information regarding the financial performance of the firm. Accounting through its financial reports furnishes this information to investor's financial reports or statement in the form of balance sheet and profit and loss account inform investors how the firm has performed. one of the capital appraisal methods ignore the time value of money like payback and Accounting Rate of Return (ARR) as they depend on the cash flow and the profit made by this investment, the other methods take into consideration the time value of money using a technique called Discounted Cash Flow like Net Present Value (NPV) and Internal Rate of Return (IRR).

RELEVANCE OF THE STUDY

The study is very much relevant to the economic scenarios of Capital investment sector in identifying the main capital appraisal techniques and to evaluate them by showing their strength and weaknesses. The study includes financial appraisal, which enhances the customer/investor fidelity, safety, and return on their investments, which also enhances the sparse knowledge pool of investment linkage in the process of economic development. The study results assist directly and indirectly the investors by providing a broader perspective from their peers in the companies on the way the view the critical success factors that exist in the performance and in their divergent role.

- The present study is confined to industrial and economic development in post liberalized period by IDBI and IDBI Capital.
- The study will broaden the available information to the academic community on a topic that will help investment companies and financial institutions. It can provide a platform for further research to be carried out in the field of banking, capital market and insurance more specifically.
- The present study is confined to the role of IDBI and its subsidiaries with special reference to IDBI Capital, IDBI bank, and the capital market are to satisfy the changing requirements of the customers and industries. So it is the study to measure the amount of satisfaction of investors for IDBI Capital.

OBJECTIVE OF THE STUDY

The major objectives of the study are

1. To measure the role of IDBI in managing its subsidiaries;
2. To analyses the performances of IDBI Capital;
3. To analyses the financial competency of IDBI Capital ;
4. To suggest any improvement in the strategy presently maintained by IDBI Capital;

- To measure the performance by IDBI Capital during the post liberalized period.

HYPOTHESES OF THE STUDY

The study is based on the following hypothesis:

Hypothesis-1

Strong profitability of the IDBI Capital is positively related to better management of resources and products.

Hypothesis-2

Trust on the IDBI Capital is positively related to customer’s purchase of products.

Hypothesis-3

Better quality services have a positive relationship with trust and brand image of the IDBI Capital.

Hypothesis: 4 – Level of Satisfaction is not so high in IDBI Capital.

RESEARCH METHODOLOGY

- Research Design:** This study is to examine and analyze the financial appraisal of the IDBI Bank: anempirical evidence from IDBI Capital.
- Nature of the Study:** The “Descriptive Research Study” has been used. The basic aim is to gain familiarity and to achieve new insights along with describing the existing facts.
- Scope of the Study:** The scope of the present study is aimed at the financial aspects only. The study mainly focuses on the role of IDBI capital in development of stock trading and financial performances during post liberalized period. The scope of the study encompasses the company’s records and the investors associated with the IDBI Capital located at Bhubaneswar, the one and only Branch for Odessa.
- Data Collection:**
 Data were collected through Secondary Sources. The Secondary Data were required for the financial performance appraisal component of the research and hence these were collected from IDBI Capital annual reports, journal, magazines, newspapers and internet. Data regarding organization history of activities have been collected from secondary sources like various text books, journals, magazines, records, reports and publications.
- Statistical Tools and Techniques:** In this study the data collected have been analyzed and interpreted through statistical tool and techniques like Correlation Autocorrelation, Regression, t-Test, Factor Analysis, Cross-Tabs, ANOVA Test and Ljung-Box Statistic using IBM-SPSS Version 22.0 software.
- Period of the study:** The period of the present study is taken to be for 5 years. The data have been extracted from annual reports of IDBI Capital for 5 years.(from 2007-08 to 2011-12 Financial Years).

ANALYSIS AND INTERPRETATION OF FINANCIAL RATIO

Table -1

Autocorrelations of Total Reserves					
Lag			Box-Ljung Statistic		
	Auto Correlation	Std. Error ^a	Value	Df	Sig. ^b
1	-.237	.338	.494	1	.482
2	-.131	.293	.694	2	.707
3	-.214	.239	1.492	3	.684
<i>a. The underlying process assumed is independence (white noise).</i>					
<i>b. Based on the asymptotic chi-square approximation.</i>					

Table-1 indicates a decline in total reserve in the 1st part of the study period as the autocorrelation value shows a negative and lower value of 0.131 and increased to 0.214 in 2nd lag to 3rd lag respectively. The value decreases means the reserve capital is more increasing over the years. Box ljung statistics supports the value of auto correlation and the significance value as 0.684 at the end of the lag indicates a fluctuation in the trend of total

reserve in IDBI capital over the years. Similarly, the reserve amount increases and revealed 1.492 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.

Table -2

Autocorrelations of Total Tax Liabilities					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	.477	.169	7.951	1	.005
2	.000	.000	-.	2	-.
3	.000	.000	-.	3	-.
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-2 indicates a decline in total tax liabilities in the 1st part of the study period as the autocorrelation value shows a positive value of 0.477 and touched 0.00 in 2nd lag to 3rd lag respectively. The value decreases means the total tax liabilities is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.05 at the end of the lag indicates a fluctuation in the trend of total tax liabilities in IDBI capital over the years. Similarly, the total tax liabilities amount increases. Overall picture in the trend seems increasing after the initial period of the study.

Table- 3

Correlations of share capital ,reserves total and deferred tax liabilities				
		Share _Capital	Reserves_Total	Deferred Tax liabilities
Share Capital	Pearson Correlation	1	.927*	.908*
	Sig. (2-tailed)		.023	.033
Reserves Total	Pearson Correlation	.927*	1	.726
	Sig. (2-tailed)	.023		.165
Deferred tax liabilities	Pearson Correlation	.908*	.726	1
	Sig. (2-tailed)	.033	.165	
*. Correlation is significant at the 0.05 level (2-tailed).				

Table- 3 indicates the bi-variety correlation ship among the variables as share capital , reserves and deferred tax liabilities . These three variables includes the form of share capital and in any change in these variables can make changes in share capital. The results revealed that , reserves are mostly and most positively significant at 95 percent level with share capital and deferred tax payments. So these three are mostly positively significant for any change in share capital and it shows increasing over the year

Table -4

Autocorrelations of Total Shareholders' Funds					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	-.164	.338	.235	1	.628
2	-.124	.293	.415	2	.813
3	-.178	.239	.970	3	.808
a. The underlying process assumed is independence (white noise).					

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2	-.124	.293	.415	2	.813
3	-.178	.239	.970	3	.808
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table- 4 indicates the Total Shareholders' Funds for five years i.e. 2008-09 to 2012-13 and it decline in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.124 and increased to 0.178 in 3rd lag. The value decreases means the Total Shareholders' Funds is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.813 at the end of the lag indicates a positive trends with some minor fluctuation in the trend of Total Shareholders' Funds in IDBI capital over the years. Similarly, the Total Shareholders' Funds increases and revealed 0.970 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.

Table -5

Autocorrelations Total Investments					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	.078	.338	.053	1	.818
2	.071	.293	.111	2	.946
3	-.415	.239	3.123	3	.373
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-5 indicates the "Total Investments" of IDBI Capital during the five years i.e. 2008-09 to 2012-13 . The initial period shows a meager value of coefficient of correlation i.e. 0.078 and it continues to 0.071 till the is part and there after it declined and touched 0.415 at the end part of the study period. The coefficient value decreases means the Total Investments is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.946 at the mid lag of the trend of "Total Investments" in IDBI capital over the years. So the "Total Investments" amount gradually have been increased and revealed 3.123 at the end of the lag i.e. in the BOX Ljung value . So the overall picture in the trend seems increasing after the mid period of the study .

Table -6

Autocorrelations of Total Sundry Debtors					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	.046	.338	.019	1	.891
2	-.023	.293	.025	2	.987
3	-.240	.239	1.035	3	.793
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-6 indicates the position of total Sundry Debtors for five years i.e. 2008-09 to 2012-13 and it decline in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.023 and increased to 0.046 in 3rd lag. The value decreases means the Total Sundry Debtors is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.987 at the mid lag indicates an increase from this period. Similarly, the Total Sundry Debtors amount increases and revealed the value i.e. 1.035 at the end of the lag i.e. in the 3rd lag of Box Ljung value. So, the overall picture of the trend seems increasing after the mid period of the study, which is not encouraging from the financial management point of view.

Table -7

Autocorrelations of Total Cash and Bank Balance					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	.048	.338	.020	1	.888
2	.028	.293	.029	2	.985
3	-.257	.239	1.183	3	.757
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table- 7 indicates the management of total Cash and Bank Balance for five years i.e. 2008-09 to 2012-13 and it increased up to the mid part of the study period and the autocorrelation value shows a decline in the value and shows 0.028 from the value of 0.048 in 1st lag. Further, the value decreases to -0.257, which means the total Cash and Bank Balance is more increasing after these years. Moreover, Box Ljung statistics shows the significance value as 0.985 at the mid lag and indicates a lower value at the end. So, the trend of Total Cash and Bank Balance in IDBI capital over the years is not maintained properly so as to keep the pattern of shorter investment and payment of short-term debts including operating expenditure.

Table -8

Autocorrelations of Total Current Liabilities					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	-.160	.338	.225	1	.636
2	-.058	.293	.264	2	.876
3	-.144	.239	.626	3	.890
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-8 indicates the Total Current Liabilities and the autocorrelation value shows negative and lower value of - 0.160 and declined to 0.058 and further declined to 0.144 in 3rd lag. The value decreases means the Total Current Liabilities is more increasing and fluctuating over the years. Box Ljung statistics value of auto correlation and the significance value as 0.890 at the end of the lag indicates a fluctuation in the trend of total Current Liabilities in IDBI capital over the years. Similarly, the liability amount increases with a fluctuation in the trend, which indicate more payment of short-term loans and advances along with the liquidation of short term investments .

Table -9

Autocorrelations of Provisions					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	.255	.338	.568	1	.451
2	-.191	.293	.994	2	.608
3	-.306	.239	2.633	3	.452
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-9 indicates the Autocorrelations of Provisions five years i.e. 2008-09 to 2012-13 and it decline in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.191 and increased to 0.306 in 3rd lag. The value decreases means the Autocorrelations of Provisions is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.608 at the end of the lag indicates a fluctuation in the trend of provision in IDBI capital over the years. Similarly, the Autocorrelations of Provisions amount increases and revealed 2.633 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture of provision in the trend seems increasing after the mid period of the study.

Table -10

Autocorrelations of Net Current Assets					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	.252	.338	.556	1	.456
2	-.077	.293	.625	2	.732
3	-.296	.239	2.154	3	.541
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-10 indicates the Net Current Assets for five years i.e. 2008-09 to 2012-13 and it decline in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.-077 and decreased to 0.-296in 3rd lag. The value decreases means the Net Current Assets is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.732 at the end of the lag indicates a fluctuation in the trend of Net Current Assets in IDBI capital over the years. Similarly, the Net Current Assets amount increases and revealed 2.154 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture if Net Current Assets n the trend seems increasing after the mid period of the study.

Table -11

AUTOCORRELATIONS OF TOTAL INCOME					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	df	Sig. ^b
1	-.017	.338	.003	1	.960
2	-.115	.293	.157	2	.924
3	-.168	.239	.649	3	.885
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-11 indicates the Total income five years i.e. 2008-09 to 2012-13 and it decline in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.-017 and increased to 0.-115 in 3rd lag. The value decreases means Total income capital is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.960 at the end of the lag indicates a fluctuation in the trend of total income in IDBI capital over the years. Similarly, Total income amount increases and Revealed 0.649 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.

Table -12

Autocorrelations of Earnings Per Share (EPS)					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	Df	Sig. ^b
1	-.389	.338	1.322	1	.250
2	.065	.293	1.371	2	.504
3	.145	.239	1.741	3	.628
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-12 indicates the Earnings Per share (EPS) five years i.e. 2008-09 to 2012-13 and it declines in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.065 and increased to 0.145 in 3rd lag. The value decreases means Earnings Per Share (EPS) capital is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.628 at the end of the lag indicates a fluctuation in the trend of total Earnings Per Share in IDBI capital over the years. Similarly, the Earnings Per Share (EPS) amount increases and revealed 1.741 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.

Table- 13

AUTOCORRELATIONS OF CASHFLOW FROM INVESTING					
Lag			Box-Ljung Statistic		
	Autocorrelation	Std. Error ^a	Value	df	Sig. ^b
1	.327	.338	.935	1	.333
2	-.265	.293	1.756	2	.416
3	-.343	.239	3.817	3	.282
a. The underlying process assumed is independence (white noise).					
b. Based on the asymptotic chi-square approximation.					

Table-13 indicates the cash flow from investing it decline in the mid part of the study period as the autocorrelation value shows a negative and lower value of 0.-265 and increased to 0. -343 in 3rd lag. The value decreases cash flow from investing means capital is more increasing over the years. Box Ljung statistics supports the value of auto correlation and the significance value as 0.416 at the end of the lag indicates a fluctuation in the trend of total cash flow from investing in IDBI capital over the years. Similarly, cash flow from investing amount increases and Revealed 0.3.817 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.

FINDINGS OF THE STUDY

The findings from financial appraisal have been mentioned below.

1. In the analysis of total reserves the reserve amount increases and revealed 1.492 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.
2. In the analysis of total Tax Liabilities the total tax liabilities amount increases .Overall picture in the trend seems increasing after the initial period of the study.
3. In the analysis of total reserves and deferred tax liabilities , three are mostly positively significant for any change in share capital and it shows increasing over the years.
4. In the analysis of total Shareholders' Funds , the Total Shareholders' Funds increases and revealed 0.970 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.
5. In the analysis of total Sundry Debtors Similarly, the Total Sundry Debtors amount increases and revealed the value i.e. 1.035 at the end of the lag i.e. in the 3rd lag of Box Ljung value. So, the overall picture of the trend seems increasing after the mid period of the study, which is not encouraging from the financial management point of view.
6. In the analysis of total Cash and Bank Balance So, the trend of Total Cash and Bank Balance in IDBI capital over the years is not maintained properly so as to keep the pattern of shorter investment and payment of short-term debts including operating expenditure.
7. In the analysis of total Current Liabilities the liability amount increases with a fluctuation in the trend, which indicate more payment of short-term loans and advances along with the liquidation of short term investments.
8. In the analysis of total Provisions the Autocorrelations of Provisions amount increases and revealed 2.633 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture of provision in the trend seems increasing after the mid period of the study.
9. In the analysis of total Net Current Assets the Net Current Assets amount increases and revealed 2.154 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture if Net Current Assets n the trend seems increasing after the mid period of the study.
10. In the analysis of total assets Total Assets amount increases and revealed 1.809 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.
11. In the analysis of total income Total income amount increases and Revealed 0.649 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.
12. In the analysis of total Earnings Per Share (EPS) the Earnings Per Share (EPS) amount increases and revealed 1.741 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.
13. In the analysis of total cashflow from investing cash flow from investing amount increases and Revealed 0.3.817 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.
14. In the analysis of total cash From Financing Activities cash from financing amount increases and Revealed 2.136 at the end of the lag i.e. in the 3rd degrees of freedom. Overall picture in the trend seems increasing after the mid period of the study.

CONCLUSION

Form the study it can be inferred that the financial position of IDBI Capital as the reserve amount, total tax, shareholder's fund, total gross block amount accumulated depreciation and total investment increases during the period of study, more particularly from the mid part of the study period. In the analysis of total Correlations similar to both but insignificant to gross block and depreciation during these years of study of IDBI Capital. Total Sundry Debtors amount increases, which is not encouraging. The trend of Total Cash and Bank Balance is not maintained

properly so as to keep the pattern of shorter investment and payment of short-term debts including operating expenditure. Current Assets amount increases along with total Loans and Advances highly increasing after the mid period of the study, which is not conducive for the management for its growth and prosperity. Similarly, total Current Liabilities the liability amount increases with a fluctuation in the trend, which indicates more payment of short-term loans and advances along with the liquidation of short term investments.

Financial institutions tend to calculate the capital buffer they hold by simply extrapolating figures from previous events, instead of using a forecast risk profile. The PAT should clearly distinguish between a company's regulatory capital, its actual capital, and the capital it needs to hold for business purposes. firms with the best capital buffer required, and the best level of funds from stockholders. Risks are often considered by a bank, yet are not always reflected in strategic options and capital planning. EPS requires stress and scenario analysis to demonstrate risks at an enterprise level.

Firm managers must show that EPS is an integral part of its processes and demonstrate that senior management both supports and is engaged in the EPS. In addition, companies need to explain in detail how they will use the EPS as they move forward and how key risk indicators and economic capital indicators/assumptions can be updated and presented to the board of directors when required. EPS is still in its early stages—companies are being encouraged to embrace the process for the sake of their business rather than for purposes of regulation. Management should understand the positive benefits and strive, through PBT, to make the business more efficient and less risky.

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