



MEASURING PRODUCTIVITY AND PROFITABILITY ASPECT OF YES BANK

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ABSTRACT :

Productivity enhances the profitability of any bank and provides structure for long term survival. Reliability of customers for any particular bank also depends on it. Efficient productivity and profitability of banks are significant for shareholders, depositors, employees and for whole economy. In this paper, an effort has been made to analysis of productivity and profitability of Yes Bank (which is sixth largest private sector bank as per market capitalization, operating in India). It is well known that sound productivity and profitability of any bank is required for increasing positive attitude of the customers for the banks and also beneficial for capital enhancement for the bank in future. It also helps in supporting present and future operations of banking for any bank. The assessment of productivity and profitability of Yes Bank has been done by using various accounting ratios.

KEYWORDS : Productivity, Depositors, and Profitability.

I. INTRODUCTION

Yes Bank is sixth biggest private sector banks right now as per market capitalization headquartered at Mumbai. This bank works as a corporate bank and provides subsidiary works for assets management and retail banking. This bank gets most of the income from syndicating loans and corporate banking. Yes Bank is listed in Bombay Stock Exchange and in London Stock Exchange.

Recently this bank signs MoU with Assam Rifles for offering those banking solutions to defense workers on 1 February 2018. This bank has been got "India Growing Bank of the Year" award at the Bloomberg UTV Financial Leadership Awards 2011.

II. OBJECTIVES

The main objective of the study is to know effect of productivity on profitability of Yes Bank.

III. RESEARCH METHODOLOGY

- **Scope of the Study:**-This study will provide wider scope to productivity and profitability of Yes 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 productivity and profitability of Yes 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: Productivity and Profitability Analysis of Yes Bank

Productivity							
Years	2013	2014	2015	2016	2017	2018	Average
Interest Income (Rs. In Crore)	8294	9981	11572	13533	16425	20267	13345.33
Other Income (Rs. In Crore)	1257	1722	2046	2712	4157	5224	2853.00
Total Income (Rs. In Crore)	9551	11703	13618	16245	20582	25491	16198.33
Interest Expenses (Rs. In Crore)	6075	7265	8084	8967	10627	12530	8924.67
Advances (Rs. In Crore)	47000	55633	75550	98210	132263	203534	102031.67
Deposits (Rs. In Crore)	66956	74192	91176	111720	142874	200738	114609.33
Total Business (Rs. In Crore)	113956	129825	166726	209930	275137	404272	216641.00
Spread (Rs. In Crore)	2219	2716	3488	4566	5798	7737	4420.67
Total Expenses (Rs. In Crore)	7410	9015	10369	11943	14744	17743	11870.67
Other Operating Expenses (Rs. In Crore)	1335	1750	2285	2976	4117	5213	2946.00
Burden (Rs. In Crore)	78	28	239	264	-40	-11	93.00
Net Profit (Rs. In Crore)	1301	1618	2005	2539	3330	4225	2503.00
Number of Employees	7024	8798	10810	15000	20125	18238	13332.50
Number of Branches	430	560	630	860	1000	1100	763.33
Advances Per Branches (Rs. In Crore)	109.30	99.34	119.92	114.20	132.26	185.03	126.68
Deposits Per Branch (Rs. In Crore)	155.71	132.49	144.72	129.91	142.87	182.49	148.03
Business Per Branch (Rs. In Crore)	265.01	231.83	264.64	244.10	275.14	367.52	274.71
Income Per Branch (Rs. In Crore)	22.21	20.90	21.62	18.89	20.58	23.17	21.23
Expenses Per Branch (Rs. In Crore)	17.23	16.10	16.46	13.89	14.74	16.13	15.76
Spread Per Branch (Rs. In Crore)	5.16	4.85	5.54	5.31	5.80	7.03	5.61
Burden Per Branch (Rs. In Crore)	0.18	0.05	0.38	0.31	-0.04	-0.01	0.14
Net Profit Per Branch (Rs. In Crore)	3.03	2.89	3.18	2.95	3.33	3.84	3.20
Advances Per Employee (Rs. In Crore)	6.69	6.32	6.99	6.55	6.57	11.16	7.38
Deposits Per Employee (Rs. In Crore)	9.53	8.43	8.43	7.45	7.10	11.01	8.66
Business Per Employee (Rs. In Crore)	16.22	14.76	15.42	14.00	13.67	22.17	16.04
Income Per Employee (Rs. In Crore)	1.36	1.33	1.26	1.08	1.02	1.40	1.24
Expenses Per Employee (Rs. In Crore)	1.05	1.02	0.96	0.80	0.73	0.97	0.92

Spread Per Employee (Rs. In Crore)	0.32	0.31	0.32	0.30	0.29	0.42	0.33
Burden Per Employee (Rs. In Crore)	0.01	0.00	0.02	0.02	0.00	0.00	0.01
Net Profit Per Employee (Rs. In Crore)	0.19	0.18	0.19	0.17	0.17	0.23	0.19
Profitability							
Interest Earned Ratio (in %)	7.28	7.69	6.94	6.45	5.97	5.01	6.56
Interest Paid Ratio (in %)	5.33	5.60	4.85	4.27	3.86	3.10	4.50
Non-Interest Income Ratio (in %)	1.10	1.33	1.23	1.29	1.51	1.29	1.29
Other Operating Expenses Ratio (in %)	1.17	1.35	1.37	1.42	1.50	1.29	1.35
Spread Ratio (in %)	1.95	2.09	2.09	2.18	2.11	1.91	2.05
Burden Ratio (in %)	0.07	0.02	0.14	0.13	-0.01	0.00	0.06
Profitability (in %)	1.88	2.07	1.95	2.05	2.12	1.92	2.00

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

In the year 2012-13, interest income of yes bank was Rs. 8294 crore which regularly increased every year and reached to Rs. 20267 crore in the year 2017-18. It shows that interest income is increasing every year in this bank with securing average interest income of Rs. 13345.33 crore.

Other income was Rs. 1257 crore in the year 2012-13 which increased to Rs 5224 core in the year 2017-18 which is near about four times of the starting year of study period with average other income of Rs. 2853 crore every year during the study period.

Due to above explained two aspects, this bank secured average total income of Rs. 16198.33 crore every year during the study period.

The interest expenses was Rs. 6075 crore in the year 2012-13 which increased to Rs. 12530 crore in the year 2017-18 which is two times of starting year of the study. Average interest expense has been secured by this bank Rs. 8924.67 crore during the study period.

Advances, deposits and total business are also increasing in this bank during the study period with averagely Rs. 102031.67 crore, Rs. 114609.33 crore and Rs. 216641 crore respectively.

Spread is the difference between interest income and interest expenses which was Rs. 2219 crore in the year 2012-13 and increased to Rs. 7737 crore in the year 2017-18 with average spread of Rs. 4420.67 crore. It shows that this bank is doing well for increasing income in comparison to interest expenses.

Other operating expenses and total expenses are also increasing but it is less than interest income and total income in every year.

Burden is the difference between other operating expenses and other income which was Rs. 78 core in the year 2012-13 but it has become negative in the year 2017-18. It shows that this bank is performing great effort for reducing its burden which was very impressive during the study period.

With impressive spread and burden this bank secured Rs. 1301 crore net profit in the year 2012-13 which is increased to Rs. 4225 crore with average net profit of Rs. 2503 crore every year.

Number of employees or branches is regularly increasing every year; it shows that this bank is ready for capturing more market share of banking business.

This bank secured fluctuating advances per branch, deposits per branch and total business per branch from starting year of the study period but it secured increasing trend in the last three years of the study period. It shows strong productivity of this bank.

Income per branch has been found higher than expenses per branch during the study period.

Average spread per branch and Burden per branch has been found Rs. 5.61 crore and 0.14 crore respectively during the study period which is quiet more than from burden per branch, it clearly shows that this bank is earning better per branch with reducing its burden per branch. It shows strong productivity performance of this bank.

Average per branch net profit of this bank has been found of Rs. 3.20 crore which is quite impressive for any private bank in current era.

Advances per employee and deposits per employee are also effective in this bank. Due to this average total business per employee has been secured by this bank of Rs. 16.04 crore during the study period.

Net average Income per employee is Rs 0.33 crore is disclosed by spread per employee, it shows earning efficiency of employees of this bank.

And average burden per employee is also very least during the study period of Rs. 0.01 crore.

This bank earned averagely Rs. 0.19 crore during the study period from it's per employee. It shows employees of this bank are hardworking and devoted.

Finally, after examining various profitability ratios this bank secured averagely 2% of profitability from their productivity which is very impressive in this competitive era for any private bank.

V. FINDINGS AND SUGGESTIONS

This bank is expanding near about 0.73 paisa in one rupee, for earning one rupee. This should be decreased by this bank, and this will be responsible for increasing profitability for this bank. Bank should try improving working style of employees so that they can give extra efficiency for increasing profitability. Unproductive branches should be closed down because they are responsible for decreasing profitability.

VI. CONCLUSION

Finally, it is concluded that this bank is performing its duties with proper efficiency but not as much it can. And there is a need to work on effective productivity because it can increase the average profitability percentage from 2 percent to some extent.

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