KEY PERFORMANCE INDICATORS OF TMB

Dr. M. Anbalagan, Principal,
Sardar Raja Arts & Science College, Vadakkangulam, Tirunelveli

Abstract

Tamilnad Mercantile Bank (TMB) is the bank's highest-ever net profit, driven by a rise in net interest income. This study limits its scope to six selected elements from reports of TMB in India such as Number of Branches, Number of Employees, Capital Adequacy Ratios (%), Gross NPA, Net NPA and Net NPA to Advances (%).

Keywords – Bank, NPA, Gross NPA and Net NPA

Introduction

The banking system in India, which evolved over several decades, is well established and has been serving the credit and banking needs of the economy. The banking ecosystem is providing impetus to economic growth and development of the country and catering to the specific and varied financial requirements of different customers and borrowers. The major role of banks is to intermediate resources from the depositor to the lender for their mutual benefit while allocating them in an efficient manner, thereby contributing to economic growth through enhanced efficiency in usage of resources.

Thoothukudi-headquartered Tamilnad Mercantile Bank (TMB) has posted an 11 per cent rise in net profit during the second quarter of the financial year 2024-25 (Q2FY25) to Rs 303.2 crore, compared to Rs 273.5 crore during the same period last financial year. This is the bank's highest-ever net profit, driven by a rise in net interest income.

Statement of problem

Many research articles have been conducted so far to analyse performance evaluation of assets, liabilities, income and expenses of TMB during various periods. But this study focuses its attention on key factors that analyse the performance by taking into the specific six points or parameters. Hence this research gap is filled through this article.

Review of Literature

Anders Gustaffsson Et Al (2005) the study support consistent effects of customer satisfaction, calculative commitment, and prior churn on retention. Prior churn also moderates the satisfaction–retention relationship. The results have implications for both customer relationship managers and researchers who use satisfaction surveys to predict behavior.

Naveen Kumar And V.K.Gangal (2011) the study reveals that majority of India’s banks are not very diversified in terms of the products and services they offer. The banks to remain competitive would be to retain as many customers as possible. And customer retention is possible through customer satisfaction. Thus, customers’ satisfaction is the key of success in today's competitive era.

Jyothi Gupta and Suman Jain (2012) analyzed the lending practices of co-operative banks in India, comparison of efficiency of co-operative banks in India, Impact of size on the efficiency of the co-operative banks and different types of loans pref erred by different set of customer from these banks.

Jothi Selvamuthukumar.A & Arul.M (2015) study concludes that banks need to focus on product innovation and look for activities to increase their bottom line revenue with non-core activity, efficient service delivery process, effective risk management and special attention to customer satisfaction.

G. Shoba (2016) concludes that cluster analysis reveals that around 20% of the respondents are extremely satisfied, 38% of respondents are moderately satisfied and 42% of respondent's posses' least level satisfaction with lending practices provided by the Vaniyambadi branch of cooperative bank.

SCOPE OF THE STUDY

This study limits its scope to six selected elements from reports of TMB in India such as Number of Branches, Number of Employees, Capital Adequacy Ratios (%), Gross NPA, Net NPA and Net NPA to Advances (%).

OBJECTIVES OF THE STUDY

To analyze the growth of selected elements from reports of TMB in India

PERIOD OF THE STUDY

In order to analyze the growth of selected elements from reports of TMB in India, a period of five years from 2020 to 2024 is taken into consideration.

METHODOLOGY

This study is purely based on secondary data compiled from report on Dion Global Solutions Limited.

PLAN OF ANALYSIS

For the purpose of analysis, tools like percentages and annual growth rates in amount as well as percentages are used.

ANALYSIS AND INTERPRETATIONS

Table 1
Number of Branches

Year	Amount	Increase or Decrease	% of Increase or Decrease
2020	509.00	---	---
2021	509.00	---	---
2022	509.00	---	---
2023	530.00	21	04.13
2024	552.00	22	04.15

Source: Dion Global Solutions Limited

From Table 1 we can know that there is no change in the number of branches of TMB from 2021 to 2022. But during 2023, 21 new branches have been started. There will be 4.15% increase in 2024 when compared with 2023.

Table 2
Number of Employees

Year	Amount	Increase or Decrease	% of Increase or Decrease
2020	4,325.00	---	
2021	4,363.00	38	00.88
2022	4,457.00	94	02.15
2023	4,505.00	48	01.08
2024	4,602.00	97	02.15

Source: Dion Global Solutions Limited

It is crystal clear that the number of employees in TMB has the tendency of increasing nature from an annual growth of 38 in 2021 to 97 in 2024. The highest percentage of annual increase happened during 2022 and 2024.

Capital Adequacy Ratios

The capital adequacy ratio (CAR) is a measure of how much capital a bank has available, reported as a percentage of a bank's risk-weighted credit exposures. The purpose is to establish that banks have enough capital on reserve to handle a certain amount of losses, before being at risk for becoming insolvent.

Table 3
Capital Adequacy Ratios (%)

Year	Amount	Increase or Decrease	% of Increase or Decrease
2020	16.74	---	
2021	18.94	2.20	13.14
2022	22.06	3.12	16.47
2023	26.26	4.20	19.04
2024	29.37	3.11	11.84

Source: Dion Global Solutions Limited

One can easily found from Table 3 that the capital adequacy ratio of TMB is good. The percentage of annual increase ranges from 11.84% in 2024 to 19.04% in 2023. It has a minimum of 16.74 during 2020 and maximum of 29.37 in 2024.

Gross NPA

Gross NPA denotes the total of all the loan assets that haven't been repaid by the borrowers within the ninety-day period.

Table 4
Gross NPA

Year	Amount	Increase or Decrease	% of Increase or Decrease
2020	1,020.98	---	---
2021	1,084.78	063.80	06.25
2022	0570.92	- 513.86	- 47.37

2023	0521.46	- 049.46	- 08.66
2024	0575.06	053.60	10.28

Source: Dion Global Solutions Limited

The Table 4 highlighted that the gross NPA of TMB varies between a negative of 513.86 in 2022 and positive of 63.80 as annual growth in 2021. It reduces from Rs.1020.98 in 2020 to Rs.575.06 in 2024.

Net NPA

Net NPA is the amount remaining after deducting doubtful and unpaid debts from the GNPA. It is the actual loss suffered by the bank.

Table 5
Net NPA

Year	Amount	Increase or Decrease	% of Increase or Decrease
2020	497.47	---	
2021	613.82	116.35	23.39
2022	317.58	- 296.24	- 48.26
2023	229.82	- 087.76	- 27.63
2024	335.82	106.00	46.12

Source: Dion Global Solutions Limited

It is obvious from Table 5 that the percentage of annual increase in net NPA of TMB fluctuates between a negative of 48.26 in 2022 and a positive of 46.12 in 2024. It is most welcome that the trend will decrease continuously for 3 years when compared with 2021.

Table 6
Net NPA to Advances (%)

Year	Amount	Increase or Decrease	% of Increase or Decrease
2020	1.80	---	
2021	1.98	0.18	10.00
2022	0.95	- 1.03	- 52.02
2023	0.62	- 0.33	- 34.74
2024	0.85	0.23	37.10

Source: Dion Global Solutions Limited

It is apparent from Table 6 that the percentage of net NPA to advances is also having decreased for two years consecutively from 2021. Among the five years, it is reached two times negatively.

Findings

No. of branches of TMB will be 4.15% increase in 2024 when compared with 2023.

The highest percentage of annual increase in no. of employees happened during 2022 and 2024.

The capital adequacy ratio of TMB was minimum (16.74) during 2020 and maximum (29.37) in 2024.

The Gross NPA of TMB reduces from Rs.1020.98 in 2020 to Rs.575.06 in 2024.

The Net NPA will decrease continuously for 3 years when compared with 2021.

The percentage of net NPA to advances is also having decreased for two years consecutively from 2021.

Conclusion

TMB has moved cautiously forward in growing its business and ensuring that the Bank reports good financials. This looks to the future with great hope and confidence born out from the fact that the Bank has weathered many storms in its journey of hundred years and with the experience gained, will be able to look forward to the next 100 years with renewed strength, stemming from the trust of the customers and protected by the loyalty of its staff.

XXXXX