

PERFORMANCE APPRAISAL OF AXIS BANK

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ABSTRACT

Banking as a major part of the financial sector, is the life blood of the economy. It plays a decisive role in accelerating the rate of economic growth. The importance of commercial and private banks in the process of economic development has been stressed from time to time by the economic thinkers and progressive bankers in the country. Banks are the heart of our financial structure. Banks play a positive role in the economic development of a nation as depositories of community's savings and as purveyors of credit. Indian banks have aided the economic development during the past more than seventy years in an effective way. The banking sector has shown remarkable responsiveness to the needs of planned economy. Performance appraisal of a bank is the value created for its stakeholders. Axis Bank is the third largest among private sector banks in India. It performing well and having significant growth in past five years which is confirmed by its financial parameters i.e., total assets, total advances, total deposits, operating revenue, net profit etc.

Keywords: Performance Appraisal, Axis Bank, Total Advances, Operating Revenue, Net Profit.

Introduction

The Indian Banking Industry has witnessed rapid changes during past two decades. Banking system in India is an important service sector of the economy and has developed itself into an effective instrument of socio-economic changes in consonance with national goals. This resulted in emerging of private sector Banks: These banks are collectively known as 'new' private sector banks. Axis Bank Limited (formerly UTI Bank) is the third largest private sector bank in India. Although classified as a private sector bank, Axis Bank's promoters (UTI, LIC and GIC, which collectively held approx. 31% of the shares, are all entities owned and controlled by the Government of India. As the competition heats up between banks and the new-age fintech firms, large banks with healthy operational performances and strong balance sheet will continue to grow faster than the industry, Axis Bank MD&CEO Amitabh Chaudhry said in the annual report 2021-22. During 2021-22, Axis Bank had announced the proposed acquisition of Citibank's consumer businesses in India. It provides an opportunity to further accelerate retail business growth while strengthening bank's positioning across key business segments like credit cards, wealth management, salary deposits and focused retail lending businesses, Chaudhry said. He said the transition and integration process related to Citi's consumer businesses has been progressing well and is on track. "The Integration Management Office with a steering committee is in place with nominees from both sides. The work has already commenced on key work streams around people, technology, business functions, operations etc. towards optimising the transition process.

Review of Literature

Bhattacharya (1999) he has studied the impact of the limited liberalization initiated before the deregulations of the 90's on the performance of the different categories of banks. His study covers 70 banks in the period 1986-91. He has constructed one grand frontier for the entire period and measured technical efficiency among the three categories with foreign and private banks having much lower efficiencies. The main results accord with the general perception that in the nationalized era, public sector banks were successful in achieving their principle objectives of deposit and loan expansion.

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Velouston and Cleopatra (2006) in their study have analysed the relative role of certain drivers of bank loyalty. Their study shows the links between image, perceived quality satisfaction, commitment and loyalty in Greek retail banking. The result of the study is that the image has a positive impact on perceived quality and satisfaction. The key factor that leads to loyalty is the personalisation in providing services to customers which help to increase customer satisfaction.

Nisha Sharma and Rupinderdeep Kaur (2018) in this paper discussed that the mbanking is fast growing with its multitude features offered with mobile apps and internet banking. Indian Banking Association is urged to heavily invest in technologies that can evolve and protect against future threats, as well as tackle current pressures from malware and social engineering.

Amit Shankar, Charles Jebarajakirthy (2021) in their study opined that providing high-quality e-banking services is considered a basic strategy for attracting and retaining customers with electronic-banking platforms. The purpose of this paper is to empirically investigate a comprehensive moderated mediated mechanism for enhancing customer loyalty toward e-banking platforms via e-banking service quality (EBSQ) practices. Reliability, website design, privacy and security and customer service and support are the dimensions of EBSQ.

Performance Appraisal

Performance of an enterprise indicates how its management has been accomplishing the goals. The Axis Bank showed a significant growth in last 5 years which is clear from the following analysis:

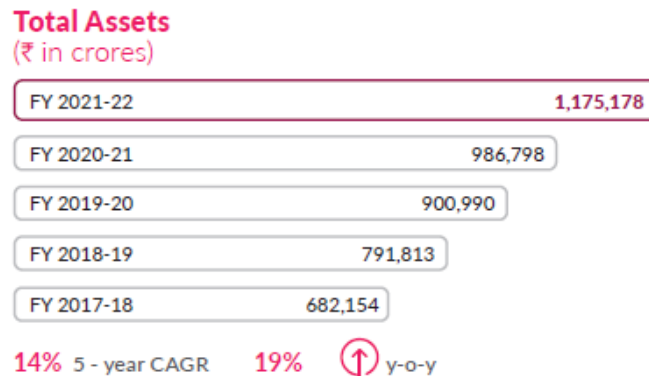


Fig. 1: Total Assets of Axis Bank (2017-18 to 2021-22)

The total assets of the Axis Bank showed a continuously increasing trend during the period under study from 2017-18 to 2021-22. The amount of total assets was Rs. 6,82,154 crore in 2017-18 which increased to Rs. 7,91,813 crore in 2018-19, Rs. 9,00,990 crore in 2019-20, Rs. 9,86,798 crore in 2020-21 and reached up to Rs. 11,75,178 crore. The Compound Annual Growth Rate (CAGR) was 14 percent in 2017-18 which rose up to 19 percent at the end of FY 2021-22.

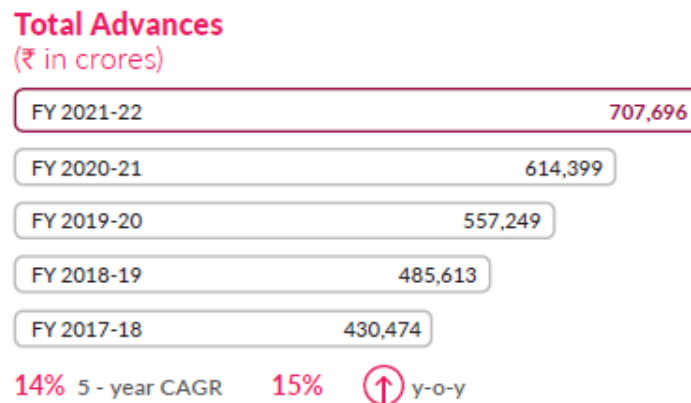


Fig. 2: Total Advances of Axis Bank (2017-18 to 2021-22)

The total advances of the Axis Bank showed a continuously increasing trend during the period under study from 2017-18 to 2021-22. The amount of total advances was Rs. 4,30,474 crore in 2017-18 which increased to Rs. 4,85,613 crore in 2018-19, Rs. 5,57,249 crore in 2019-20, Rs. 6,14,399 crore in 2020-21 and reached up to Rs. 7,07,696 crore. The CAGR was 14 percent in 2017-18 which rose to 15 percent at the end of FY 2021-22.

Total Deposits (₹ in crores)

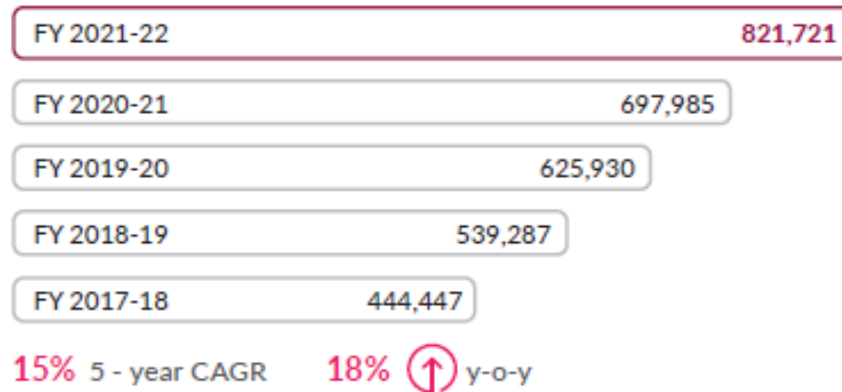


Fig. 3: Total Deposits of Axis Bank (2017-18 to 2021-22)

The total deposits of the Axis Bank showed a continuously increasing trend during the period from 2017-18 to 2021-22. The amount of total deposits was Rs. 4,44,447 crore in 2017-18 which increased to Rs. 5,39,287 crore in 2018-19, Rs. 6,25,930 crore in 2019-20, Rs. 6,97,985 crore in 2020-21 and reached up to Rs. 8,21,721 crore. The CAGR was 15 percent in 2017-18 which rose up to 18 percent at the end of FY 2021-22.

Operating Revenue (₹ in crores)

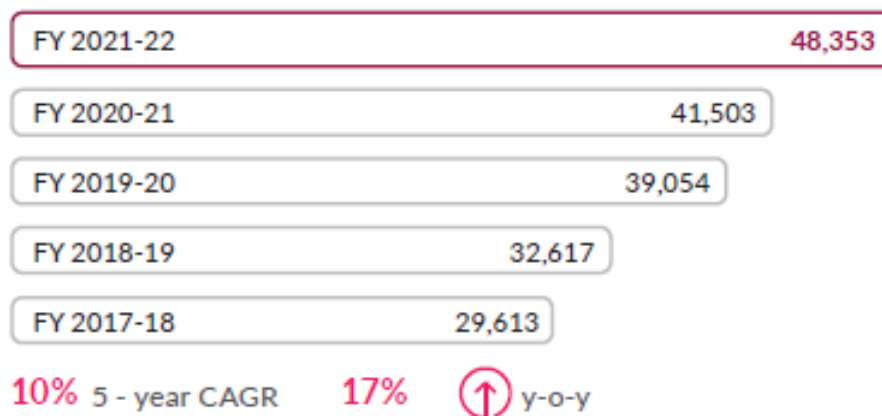


Fig. 4: Operating Revenue of Axis Bank (2017-18 to 2021-22)

The operating revenue of the Axis Bank also showed a continuously increasing trend during the period under study from 2017-18 to 2021-22. The amount of operating revenue was Rs. 29,613 crore in 2017-18 which increased to Rs. 32,617 crore in 2018-19, Rs. 39,054 crore in 2019-20, Rs. 41,503 crore in 2020-21 and reached up to Rs. 48,353 crore. The Compound Annual Growth Rate (CAGR) was 10 percent in 2017-18 which rose up to 17 percent at the end of FY 2021-22.

Operating Profit (₹ in crores)

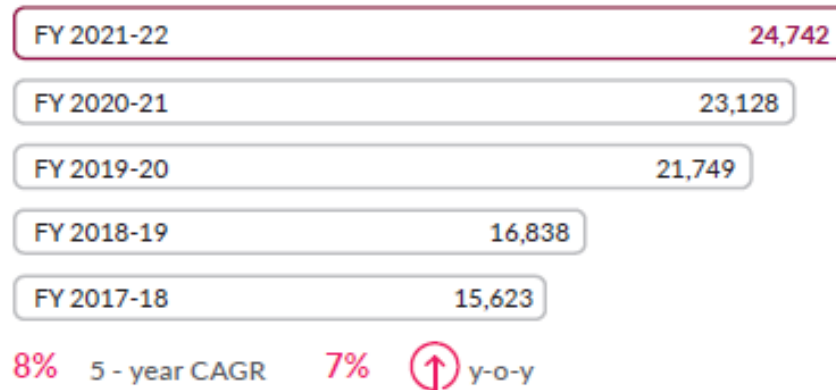


Fig. 5: Operating Profit of Axis Bank (2017-18 to 2021-22)

The operating profit of the Axis Bank also showed a continuously increasing trend during the period under study from 2017-18 to 2021-22. The amount of operating profit was Rs. 15,623 crore in 2017-18 which increased to Rs. 16,838 crore in 2018-19, Rs. 21,749 crore in 2019-20, Rs. 23,128 crore in 2020-21 and reached up to Rs. 24,742 crore. The Compound Annual Growth Rate (CAGR) was 8 percent in 2017-18 which declined slightly to 7 percent at the end of FY 2021-22.

Net Profit (₹ in crores)

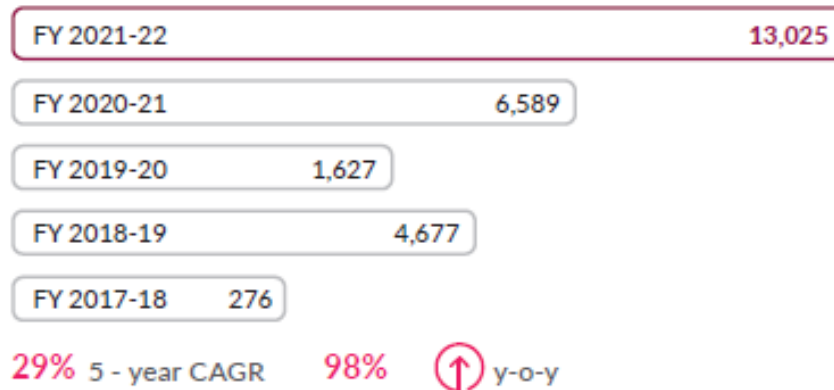


Fig. 6: Net Profit of Axis Bank (2017-18 to 2021-22)

The net profit of the Axis Bank also showed a continuously increasing trend during the period under study from 2017-18 to 2021-22. The amount of net profit was Rs. 276 crore in 2017-18 which increased to Rs. 4,677 crore in 2018-19, Rs. 1,627 crore in 2019-20, Rs. 6,589 crore in 2020-21 and reached up to Rs. 13,025 crore. The Compound Annual Growth Rate (CAGR) was 29 percent in 2017-18 which inclined sharply to 98 percent at the end of FY 2021-22.

Conclusion

In fiscal year ended March 31, 2022, Axis Bank nearly doubled its profit after tax to Rs 13,025 crore, while the net interest income grew by 13 per cent to Rs 33,132 crore. Bank's total assets were up 19 per cent to Rs 11.75 lakh crore, deposits rose by 18 per cent to Rs 821,721 crore while the advances went up by 15 per cent to Rs 707,696 crore.

From this analysis, it can be concluded that Axis Bank performing significantly and showing continuous growth in its assets, operating revenue, net profit and other performance parameters as a private sector bank in India.

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