PROJECT REPORT (17MBAPR407)

ON

"Asset Liability Management at Vijaya Bank, Nitte Udupi"

BY

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1IA17MBA45

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

In partial fulfillment of the requirements for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

Under the guidance of

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March 2019

विजया बैंक
(भारत सरकार का उपक्रम)
VIJAYA BANK
(A Govt. of India Undertaking)
प्रधान कार्यालय Head Office
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दिनांक Date:20.03.2019

CERTIFICATE

This is to certify that **Miss.Prajwala N M** D/O Murali Shetty Student of Acharya Institute of Technology Soladevanahalli Bangalore. – Final Year MBA at Acharya Institute of Technology Soladevanahalli Bangalore has carried out project in our organization for a period of 6 weeks i.e. from 03.01.2019 to 16.02.2019 based on the topic **"Asset Liability Management"** with reference to Vijaya Bank".

The project work is undertaken under the guidance of Mr. Sajesh Kumar Branch Manager, Vijaya Bank, Nitte During the aforesaid period, her performance and conduct was good.

This certificate is issued on completion of the project work to the student for submission of the same to the college, as a part of her academic curriculum.

For VIJAYA BANK

Branch Manager
NITTE

Mr.Sajesh Kumar
Branch Manager
Vijaya Bank
Nitte

ISSUED TO:

Miss Prajwala N M

2nd Year MBA
Acharya Institute of Technology Soladevanahalli
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ACHARYA INSTITUTE
OF TECHNOLOGY
(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 01/04/2019

CERTIFICATE

This is to certify that **Ms. Prajwala N M** bearing USN **1IA17MBA45** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on **"A Study on Asset Liability Management at Nitte Udupi"** is prepared by her under the guidance of **Prof. Sandhya S,** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

4/3/19

Signature of Internal Guide

4/4

Signature of HOD

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DECLARATION

I, **Prajwala N M**, hereby declare that the Project report entitled "Asset Liability Management" with reference to "Vijaya Bank, Nitte, Udupi." prepared by me under the guidance of Prof. Sandhya S, Assistant professor of M.B.A Department, Acharya Institute of Technology and external assistance by **Mr. Sajesh Kumar, Branch Manager, Vijaya Bank, Nitte, Udupi.** I also declare that this Project work is towards the partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of Six weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

Place : Bengaluru
Date : 05/04//2019

Signature of the student

ACKNOWLEDGEMENT

I wish to express my sincere thanks to our respected Principal, **Dr. Prakash M R,** beloved Dean-Academics**, Dr. Devarajaiah R M**, and deep sense of gratitude to **Dr. M M Bagali**, HOD, Acharya Institute of Technology, Bengaluru for their kind support and encouragement in completion of the Project Report.

I would like to thank **Prof. Sandhya S,** Asst. Professor, Department of MBA, Acharya Institute of Technology, Bengaluru and external guide **Mr. Sajesh Kumar,** Branch Manager, Vijaya Bank, Nitte, Udupi, who gave me golden opportunity to do this wonderful Project in the esteemed organization, which helped me to learn various concepts.

Finally, I express my sincere thanks to my Parents, Friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bengaluru Prajwala N M

Date:05/04/2019 USN: 1IA17MBA45

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EXECUTIVE SUMMARY

Asset Liability Management (ALM) can be named as a risk administration procedure intended to make satisfactory profit although sustaining a contented excess of Assets yonder liabilities. It proceeds into deliberation interest rates, grossing power and gradation of preparedness to yield on debit and therefore also recognized as surplus management.

However in the past era the sense of ALM as changed. It is currently used in several diverse was beneath changed setting. ALM, which stayed truly established by monetary organizations and Banks, are presently broadly being cast-off in industries too. The society of Actuaries Task Force on ALM Principles, Canada offers the following definition for ALM: "Asset Liability Management is the on going process of formulating, implementing, monitoring and revising strategies related to Assets and liabilities in an attempt to achieve financial objectives for a given set of risk tolerance and constraints".

The ALM study helps to concentrates on the growth and performance of Vijaya Bank. Asset liability Management is used to calculate the Belongings over Obligations and it also helps to understand the non performing assets management.

To recognize the financial position of the Vijaya Bank.

The encumbrance of the threat and its outlays are together adaptable and transferable. Monetary amenity businesses, in accumulation to handling their specific hazard, also vend pecuniary risk supervision to others. They retail their facilities by manner customer's commercial perils over the goods they afford. A business firm can deal a secure rate advance to a barrower with the risk of interest rates schedules shifted from the barrower to the monetary originations have been concerned with hazard decrease then any other subject. With the opportunity of handling risk nearby zero, the dare develops not how much risk can be detached.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION TO PROJECT

Project work is an vital part of the academic curriculum of MBA. It is an creativity to bridge a break between acquaintance and its application over a series of intercessions that will permit students to expansion insights and acquaintance to the industry.

The project titled " Asset Liability Management" at Vijaya Bank, Nitte. The duration of the project is 6 weeks. The primary objective is to get practical learning from bank and prepare a project on financial topic.

A Project is an experience designed to enable students working towards rewards, knowledge, certificate and to associate in banking in financial services with an opportunity to acquire and also to develop insight knowledge into practical component and application of those academic knowledge.

The main purpose of project is to enrich academic classroom learning via exhibition to related on-the-job experiences, and also to assist in determination of career objectives and goals.

It is a place to get knowledge about the bank in efficiently. Project helps to know the in-depth information about the zone of learning and also to rise skills for the work field.

1.2 INDUSTRY PROFILE

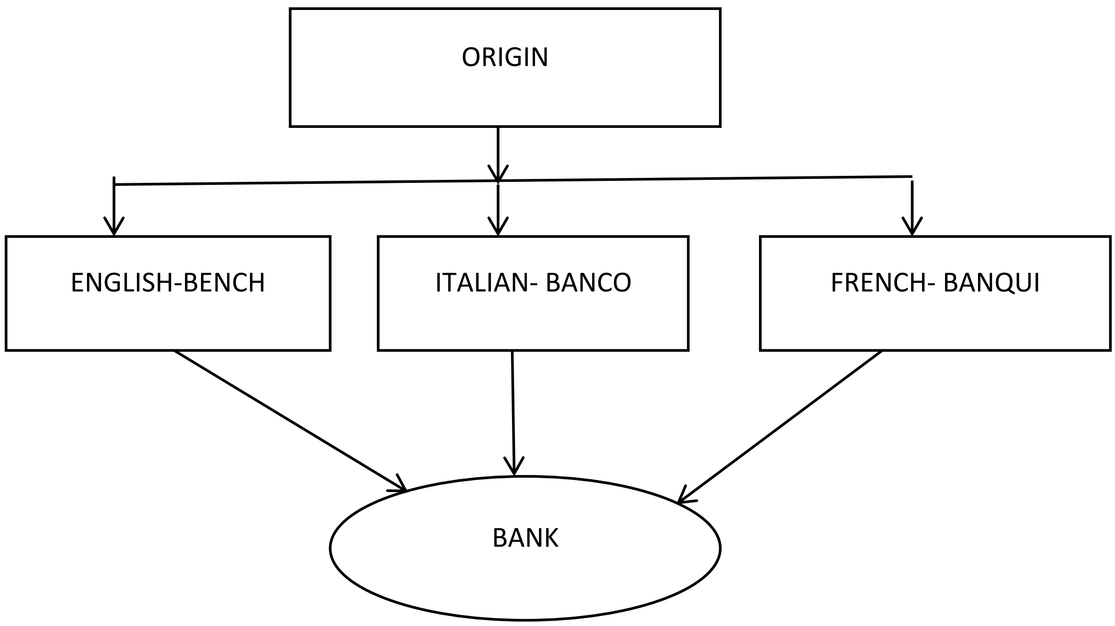
Finance is the life blood of trade, commerce and industry. Now a days, banking sector acts as the backbone of modern business. Development of any country mainly depends upon the banking system.

Bank is a monetarist institution which transactions with other people's cash i.e. currency given by investors. A Bank may be a individual, firm or a corporation. A Banking company means a company which is in the commercial of Banking. A Bank takes money from the individuals in the procedure of deposits which are habitually repayable on demand or after the termination of a fixed period. It springs safety to the deposits of its clients. It also acts as a custodian of possessions of its customers.

A Bank advances out currency in the system of loans to those who entail it for altered determinations. A Bank is a profit seeking organization having service concerned with approach. Bank acts as a concerning connection between defaulters and lenders of money.

ORIGIN OF WORD

The word bank is either consequent from old Italian word Banco or from a French word Banqui both mean a Bench or currency interchange table. In olden days, European money financiers or money changers used to demonstration coins of diverse countries in big heaps on benches or tables for the persistence of lending or exchanging.



BANKING IN INDIA

Banking in India, in the sense of art, started in the last decade of the 18 century. Among the major banks are the Bank of Hindustan, which was created in 1770 and traded in 1829-32. In addition, the General Bank of the India, set up in 1786 flopped however in 1791.

The big banks and the top flavored still in the present, is the State Bank of India (S.B.I). It began and started mid June 1806 as bank years work. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks a presidential Government, the other two were the Bank of Bombay in the 1840s and the Bank of Madras In 1843. The three banks were in 1921 to frame that of India, which converges for freedom of India, in the State Bank of India transformed as a quasi Central Bank acted many years Presidency banks on 1955.For the Imperial Bank, as their successors, until the reserve Bank of India was established in 1935 under the Reserve Bank of India Act, 1934 .

In 1960, the eight state-associated banks under the State Bank of India (subsidiary banks) Act received the Indian banks, 1959 . These are now called their associated banks. In the 1969 the Indian Government nationalized 14 private banks, 6 more private banks were nationalized. These State-owned banks are the majority of the lenders in the Indian economy. They dominate the banking sector due to its size and widespread networks.

EVALUTION OF BANKS IN INDIA

The Banking organization in India can be branded in two phases:

1. Pre-Independence phase (1786 -1947)
2. Post-Independence phase (1947 to till date)

The Post-Independence period may further be divided into three phases:

- Pre-nationalization period
- Post –nationalization period
- Liberalization period

Pre –Independence phase (1786- 1947)

The modern Bank in India originated in the 18th century.

- Bank of Hindustan was founded in 1770 and it was the first bank in Calcutta, unde European management.
- Concept of Bank in India was lodged by European.
- In 1786 General Bank of India has been implemented.
- On 2 June 1806, the Bank of Culcutta created in culcutta. It was the first President of the Bank during the British Raj.
- On 2 January 1809, the Bank of Culcutta renamed as the Bank of Bengal.
- On 15 April 1840 the second Presidency of that Bank was established in Mumbai - Bombay Bank
- On July 1, 1843, the Bank of Madras was established in Madras, Chennai now. It was the third Presidency Bank during the British Raj.
- Bank of Allahabad established in 1865 and still works.
- Culcutta was wearing more active trade in India, mainly due to the trade of the British Empire, and became a Banking Center.
- In 1895, Punjab National Bank was established in Lahore .banks of and for the Indian community.
- In January 27, 1921 Bank of Calcutta, Madras and Bombay store were merged to form the Imperial Bank of the India.
- In 1926, Hilton Young Commission submitted its report.
- In 1934, Reserve Bank of India act was passed.
- On the recommendation of the Hilton - Youth Commission, April 1, 1935, Reserve Bank of India was established.
- RBI was created with an initial capital of a value of Rs. 5 billion rupees with 5 lakh to Rs. 100 dividends on the shares.

Post- Independence phase

At the period of freedom, the whole Banking sector was beneath private ownership. The rural population of the country had to dependent on small money investors for their necessities. To crack these matters and enhanced development of the economy the Government of India nationalized the Reserve Bank of India in 1949.

In 1949, was promulgated the law on banking regulation, including the Reserve Bank of India (RBI), to regulate, to control and inspect the banks in India.

- **Nationalization in the 1969**

Despite the agreements, control and lines directors of the Reserve Bank of India, banks in India outside the State Bank of India(SBI), remain owned and operated by private individuals. In the 1960s, the Indian banking sector had turned into an essential device to encourage the improvement of the Indian economy. In the meantime, it has been designed as a great boss, and discussion had guaranteed on the nationalization of financial activities. Indira Gandhi, then Prime Minister of the India, provided that the objective of the Government of India in the annual gathering of the meeting of Congress India all in a document entitled "stray considerations on the nationalization of the Bank". The gathering got the paper with energy.

Consequently, turn has been swift and brutal. The India Parliament issued a warrant (law banking companies (Acquisition and transfer of undertakings), 1969) and nationalized the 14 most big company saves money with impact from midnight of July 19, 1969. These banks contain 86 percent of the Bank of the nation stores. Jayaprakash Narayan, a national leader of the India, depicts the progression as a"master of political timeliness." Inside about fourteen days of the status issue, Parliament adopted the Bill banking companies (Acquisition and transfer of business), and he received presidential approval on August 9, 1969.

List of bank Nationalized in 1969

- Allahabad Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Central Bank of India
- Canara Bank
- Dena Bank
- Indian Bank
- Indian Overseas Bank
- Punjab National Bank
- Syndicate Bank

- ❖ UCO Bank
- ❖ Union Bank
- ❖ United Bank of India

List of Banks Nationalized in 1980

- ❖ Punjab and Sind Bank
- ❖ Vijaya Bank
- ❖ Oriental Bank of India
- ❖ Corporate Bank
- ❖ Andhra Bank
- ❖ New bank of India

- ➢ **Current period**

The Indian financial segment is largely characterized by regular and non-regular banks. All banks incorporated in the second of the chronology of the Reserve Bank of India Act, 1934 are banks on demand. These banks contains at the request of commercial banks and cooperative banks demand. Operative reserved Co - Banks include banks co-operative of State demand and demand urban co-operative Banks.

Payment Bank

Payment banking is a new model of banks, conceptualized by the Reserve Bank of India. These banks can accept a deposit limit, which is currently limited to Rs 1 lakh per customer. These banks cannot issue loans or credit cards, but can offer savings and current accounts. Payments banks issue debit cards and the ATM and often net banking and mobile banking services. The Bank will be authorized banks of payments under article 22 of the law on banking regulation, 1949 and will be recorded as public limited company Act corporations, 2013.

There are six payments bank:

1) Aditya Birla Idea Payments Banks
2) Airtel Payments Banks Ltd.
3) Fino Payments Bank Ltd.
4) India Post Payments Bank Ltd.
5) Jio Payments Bank Ltd.
6) PayTm Payments Bank Ltd.

BANKING CODES AND STANDARDS:

The financial Codes and Standards Board of India is a free and self-governing financial business body that screens banks in India. To progress the nature of banking administrations in India S Tarapore (preceding appointee judicial leader of Reserve Bank of India) took the strategy to shape this recommended cluster.

1.3 COMPANY PROFILE

VIJAYA BANK

Vijaya Bank is an open division to handle an account that has its headquarters in Bangalore, Karnataka, India. It is one of the banks nationalized in India. The Bank offers a wide range of money-related elements and the administrations different clients through its transport chains. The Bank has a system of 2031branches (from82017 to foot) throughout the nation and more than 4000 customers contact emphasis Whose 2001 ATMs.

HISTORY

Vijaya Bank was set up by a gathering of ranchers driven by A.B. Shetty on 23 October 1931 in Mangaluru in Dakshina Kannada District of Karnataka State. Since it was set up on the favorable Vijayadashami day, it was named " Vijaya Bank".

Amid the financial disarray made out of the Great Depression of 1927-30, Shetty moved toward driving Bunt identities to begin a manage an account with the target of broadening credit offices at a lower rate important to empower the ranchers to develop their properties and keep them from falling into the clutvhes of cash banks.Likewise, shetty included 14 Bunts cand built up Vijaya Bank on 23 October21931. In the first place the bank had an approved capital of Rsb5 lakh and an issued capital of Rs 2 lakh. The paid up capital was Rs 8,670.

GROWTH AND NATIONALISATION

The bank developed relentlessly since its origin. The bank turned into a booked bank in 1958. Under the chairmanshipjof Shri.Mulki SunderjRam Shetty , Vijaya Bank relentlessly developed into a huge All India Bank with 9 littler banks converging with it amid 1963-1968. In1965, the bank enlisted itsb very own logo. The bank's head office was moved to Bengaluru on November 11,1969. The bank was nationalized ont15 April 1980. At the season of nationalization, the bank hadd71 branches, with an absolute business of Rs605.95 crore and a staff quality of 9059.

The present head place of business of the Bank at Mahatma Gandhi Road, Bengaluru was initiated on 26 Octoberc1984. The present MD and CEO of Vijaya Bank is Shri. R.A.Sankara Narayanan.

PROMOTERS

BOARD OF DIRECTORS.

NAME	DESIGNATION
Mr. Murali Ramaswami	Executive Director
Mr. Nageswara Rao	Executive Director
Mr. N Srinivas Rao	Government Nominee Director
Mr. R A Sankara Narayanan	Managing Director & CEO
Mr. G P Borah	Nominee Director
Mr. Vivek Soni	Part time nonhofficial Director
Mr. S Ragunath	Part time Non Official Director
Mr. Raghvender Guptha	Shareholder director
Mr. Rajan Dogra	Shareholder Director

1.4 VISION , MISSION AND QUALITY POLICY

VISION

Vision of the Bank –"To be the most preferred Bank for customer centric financial services backed by technology".

MISSION

Mission of the Bank – "To emerge as a Prime Bank driven by modern technology in meeting customer aspirations, offering professional financial services and contributing to sustained national development".

1.5 SERVICE PROFILE

Vijaya Bank offers a range of financial services to its customers. It also has services for the NRIs. Following are the services offered by Vijaya Bank to its customers:

1. Deposits
2. Loans and advances
3. NRI services
4. Remittance / collection
5. Credit cards
6. Forex
7. Other services

1. DEPOSITS

Vijaya Bank offers the rest of depository services:

Savings Bank a/c, V pay-SB a/c, V Genuth SB a/c, V Balika SB a/c, V Platinum Savings Bank, Vijaya Saral, current account, VStar of savings, term deposits, recurring deposits, VCash, Vjayashree units, V Balika deposits, Vijaya tax savings plans, Vijaya Jeevan Nidhi, accounts of Capital gains,

2. LOANS AND ADVANCES

Vijaya Bank offers a wide array of loans and advances to its customers. Those can be listed as below:

Retail lending scheme,Vijaya home loans,V Nivas, VMortgage loan, VWheel, VEquip, VRent, VCash, V Rakshak, V Shikshak, V Swashakti, VProfessional, V-Solar, V-IPO, Trade finance, Education loan, Jewel loans, Vijaya Gold Cash Credit, Loans to transport operators, V-Reverse Mortgage, Non fund based, Advances to Agriculture, MSME and others, Government Sponsored scheme, Prime Minister Rozgar Yojana, Swarna jayanti Gram Swarozgar Yojana, Scheme for Liberation and Rehabilitation of Scavangers, Golden Jubilee-Rural Housing scheme, Differential Rate of interest scheme,, Special scheme for women, Facilities to Minority communities

3. NRI SERVICES

Vijaya Bank offers following services for the NRIs:

Deposits, NRE:, FCNR:, Ordinary Non Resident a/c:, Resident Foreign currency:, Deposit a/c(RFC):, Loans-Housing loan:, Loans against shares:, securities:, Remittances

4. REMITTANCE / COLLECTION:

Following services are offered by Vijaya Bank under this category:

- FOREX Remittances
- Inland Remittances
- Electronic Remittances Services
- Inward / outward Collection Instruments

5. CARD SERVICES

Vijaya Bank offers various types of cards to its customers. Following are those :

- Domestic cards
- VISA classic Credit Card
- Master card classic credit card
- Vijaya platinum card
- VISA gold credit card
- Global cards
- Master card Global. Credit card
- Visa Classic International card
- VISA city Specific card
- VISA Doctor’s card
- VISA Nurse’s card
- Debit cards
- VISA debit card

6. OTHER SERVICES

Vijaya bank also offers a few more services to its customers which can be listed as below:

- Merchant Banking
- Vijaya Raksha
- Service Charges
- Pension Payments
- Mobile Banking

1.6 AREA OF OPERATIONS

All Bank business is over Rs. 2,29,000 crore stores involving Rs. 1,33,012 billion rupees and advances of Rs. 96 821 crore to March 31, 2017. Basically a retail bank, his topline development has a considerable sum for the sections of the retail. Advances of the retail bank 30% of gross credit.

As for March 31, 2017, the Bank had a wide branch of branches of 2031 system. Improvement of the proximity and enforcement under elective transport channels, particularly the web, and the versatile financial channel are areas key to the Bank. The Bank's 2001 ATMs as March 31, 2017. Bank of Vijaya gives access to more than 2.21 lakh ATMs associated under therNational financial switch the nation over.1.7

INFRASTRUCTURE FACILITY

Vijaya Bank is an open division manage an account through its commercial office in Bengaluru, Karnataka, India. Vijaya Bank is one of the nationalized banks in India. The bank proposals a varied scope of money related items & administrations to clients through its different conveyance networks.

Head office located at :41/2, Trinity Circle, M G Road,Bengaluru-560001

The bank deals a inclusive scope of money related items and administrations near clients concluded its different conveyance channels. The Bank has a system of 2031 branches (as of March 2017) all through the nation and more than 4000 clients contact focuses comprising 2000 ATMs.

1.8 COMPITITORS

- Canara Bank
- Corporation Bank
- HDFC Bank
- ICICI Bank Ltd.
- Indian Bank
- Karnataka Bank
- ING Vysya Bank ltd.
- Syndicate Bank
- State Bank of India

1.9 SWOT ANALYSIS OF VIJAYA BANK

STRENGTH

1. **Branch Networks**

One of the strongest and favorable factors which should help Vijaya Bank is its linkage of divisions spread all over the country providing necessary communication facility and cross country payment obligations. This huge network of branches provides an upper hand to Vijaya Bank particularly, when there is a move to move technology and communication infrastructure towards this areas.

2. **Large Customer Base**

In this globalized and open economy, every other person in the country owns a bank account. Also Vijaya Bank being a nationalized bank certainly has a larger say when it comes to customer trust and thus having a large customer base proves to be one of the strongest features of the bank.

3. **High degree of safety**

Vijaya Bank being a nationalized bank and owned by the government gives it a hand over its private counterparts. The public ownership of the bank gives an assurance to the general to the general public that their investment in the bank is safe and risk free.

4. **Young workforce**

Vijaya Bank has recently employed a lot of young workforce. This move from the bank has recently given a competitive edge over its other counterparts. The newly appointed workforce is capable of understanding the changing banking scenario and thus can attempt to meet up to the increased expectation on the global banking environment.

WEAKNESS

1. Delay in Decision Making

Vijaya Bank being a nationalized bank face a huge challenge of delay in decision making. The powers vested on the employees in the lower level are still restricted which increases their dependence on their senior officials for taking decision. This happens mainly due to the long list of procedures to be followed in the decision making process.

2. Lack of operational freedom

It is a known fact that any public sector bank in India for that matter lacks operational freedom since the day they have been nationalized. So is the case with Vijaya Bank. The bank does not have liberty to rationalize its branch network, though in the name of reform some relaxation has been effected in choosing the locations for branch opening. Decisions of the Reserve Bank taken from time to time as regard money market instruments also prove to be in contradiction to the bank independence, since they are continued to be made dependent on the Reserve Bank of India policies.

3. Lack of marketing and sales development strategies

Due to the extensive popularity in the past, like any other nationalized banks, the attention given towards marketing and sales promotion by the bank is limited. Due to the large customer base, the bank easily ignores the marketing and sales promotion aspects of it. However, recently the bank has started working towards it by launching various socially benefiting and attractive schemes of deposits and loans in order enjoy better market share.

4. High level of NPA

Vijaya Bank, also due to being a nationalized bank has turned out to become a medium of meeting political manifestos, rather than economic objectives. The government lays compulsion on the Bank to lend loans due to social obligations rather than economic motives. This increases the level of non-performing asset of the bank. Thus, a huge challenge of balancing the social and economic motives stands before Vijaya Bank.

OPPORTUNITIES

1. **Rising saving ratio**

The success of a bank depends on the extent of savings available in the country. It is worth to examine the saving status in the country offering an opportunity to build up resource profile of the bank.

2. **High rural potential**

It is a great opportunity for Vijaya Bank to exploit the potential to improve business. With the already existing large number of rural and semi-urban branches, Vijaya Bank certainly has an edge over the other private counterparts.

3. **Improved EXIM business**

One of the important policy decisions taken by the government as part of its reform process in this external sector was to replace the FERA with FEMA. This was further supplemented with budgetary provisions in terms of which import or custom duties were substantially reduced, exercise duties domestically were rationalized so as to improve the export and maintain imports at a reasonable tolerable level, yet not harming the domestic industries. This certainly has improved the foreign trade in the country. Thus, this offers a great opportunity to the bank to work on.

4. **Scope for sophisticated and innovative services**.

The globalized banking environment has opened up this sector for experimentation with innovative products. Given the large size, penetration and workforce of Vijaya Bank it can monopolize the service market, only if they conduct research about marketing and consumer behavior in a deregulated and globalized scenario.

THREATS

1. **Market oriented**

In the deregulated environment, threat perception of Vijaya Bank has been real and serious both in product creation and marketing. The market has changed drastically in the sense that it has become largely customer centric. the fact is that as a nationalized bank, Vijaya Bank is habituated in a financial market in which community's savings were channelized through public sector banks without involving any effort for it. The deposits thus mobilized were deployed as per the directions of Reserve Bank of India or Government.

2. Sector oriented

With the growth in the amount of private sector banks and branches of foreign banks who have advantages of value added loan structure, limited branches, niche market, techno-based products, IT oriented delivery channels and above all well trained and skilled manpower, the competition for vijaya bank has increased. Now it not only has to compete with other large nationalized banks but also has to compete with large number of private and foreign banks.

3. Entry of foreign banks

An significant aspect of the monetary modifications approach implemented in 1990s in India has been the inaugural up of the economy to foreign investment, mutually straight and portfolio. The entry of foreign banks was always feared by the domestic banking industry as a threat to their business expansion process due to the superior banking industry technology and quality services, capital structure and international reach.

1.10 FUTURE GROWTH AND PROSPECTIVE

In the financial situation worldwide development prospects are reasonably reinforcing since the second 50% of 2013, however drawback chance stays raised. The International Monitory Fund, in its most recent world financial standpoint, anticipated worldwide development at 3.9% for 2015. Rising and creating Economies will keep on driving worldwide development.

Vijaya Bank has proposed to build the branch quality and to significantly expand the quantity of ATMs. Vijaya Bank will proceed with the retail driven concentration in its business blend to guarantee a beneficial development direction. On the advantage quality front, Vijaya Banks corporate objective is to continuously cut down gross non-performing resources, sum astute and rate savvy and furthermore improve the inclusion proportion.

Additionally the bank will profit by the normal improvement in corporate business assessments and in household financial condition. The bank will keep on developing its business maintainability and bank has a reasonable development technique set up to profit by the chances.

1.11 FINANCIAL STATEMENT

TABLE : 1.1

BALANCE SHEET OF VIJAYA BANKz (in Rs cr)					
Particulars	**March 18**	**March 17**	**March 16**	**March 15**	**March 14**
	12 month	12 month	12 month	12 month	12 month
Total share investment	1,304.15	998.85	932.56	859.12	859.12
Equity share capital	1,304.15	998.85	932.56	859.12	859.12
Share application money	0.00	0.00	220	0.00	0.00
Reserves	8,532.54	6322.18	5,598.30	5,064.12	4,779.81
Revaluation reserves	790.51	830.47	873.86	236.52	248.99
Net worth	10,627.20	8,151.50	7,624.72	6,159.76	5,887.92
Deposits	1,57,287.54	1,33,011.95	1,25,440.72	1,26,343.35	1,24,296.16
Borrowings	7,299.79	11,061.80	10,300.57	7,278.19	4,744.80
Total debt	1,64,587.33	1,44,073.75	1,35,741.29	1,33,621.54	1,29,040.96
Other liability and provisions	2,417.52	2,656.34	2,042.72	2,861.79	2,429.73
Total liabilities	**1,77,632.05**	**1,54,881.59**	**1,44,534.87**	**1,42,643.09**	**1,37,358.61**
	March 18	**March 17**	**March 16**	**March 15**	**March 14**
Cash and Balances with RBI	4,303.70	5,770.42	6268.35	6,534.29	5,540.21
Balance with banks, and money at call	666.54	160.29	351.2o	817.54	3,917.45
Advances	1,16,165.44	94,548.89	88986.96	86,695.86	81,504.03

Investments	39,511.66	44,424.55	41842.49	44,522.10	42,585.38
Gross block	1,300.49	1,318.76	1286.91	566.64	528.95
Net block	1,300.49	1,318.76	1286.91	566.64	528.95
Capital work in progress	0.99	0.00	1.39	0.00	0.00
Other assets	15,683.23	8,658.67	6671.44	3,506.65	3,282.59
Total-assets	**1,77,632.05**	**1,54,881.58**	**1,45,408.74**	**1,42,643.08**	**1,37,358.61**
Contingent liabilities	24,167.81	18,201.36	45978.20	16,561.10	15,358.44
Book value (Rs)	75.43	73.29	70.03	68.95	65.64

TABLE : 1.2

PROFIT AND LOSS ACCOUNT OF VIJAYA BANK ---------------- In Rs Cr. -------------------

	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14
	12 months	12 months	12 months	12 months	12 months
INCOME					
Interest / Discount on Advances / Bills	9,027.61	8,734.80	8,847.46	8,608.72	7,713.61
Income from Investments	3,083.82	3,359.09	2,955.22	3,346.87	2,605.02
Interest on Balance with RBI and Other Inter-Bank funds	2.83	0.44	0.24	3.08	3.05
Others	475.59	285.12	280.66	314.86	384.88
Total Interest Earned	12,589.84	12,379.46	12,083.58	12,273.53	10,706.56
Other Income	1,600.61	1,651.26	873.86	878.96	709.87
Total Income	14,190.45	14,030.72	12,957.44	13,152.49	11,416.43
EXPENDITURE:					
Interest Expended	8,286.95	8,873.02	9,322.74	9,981.25	8,623.15
Provisions and payment to employees	1,607.36	1,747.89	1,246.97	1,165.55	1,039.80
Depreciation	102.38	82.81	71.49	54.53	64.15
Operating Expenses (excludes Employee Cost & Depreciation)	1,095.95	905.85	767.36	692.13	585.60
Total Operating Expenses	**2,805.70**	**2,736.55**	**2,085.82**	**1,912.21**	**1,689.55**

Provision Towards Income Tax	524.74	307.76	0.00	12.54	100.00
Provision Towards Deferred Tax	-268.55	-143.76	-223.44	-52.05	-67.96
Other Provisions and Contingencies	2,114.59	1,506.67	1,390.51	859.13	655.78
Total Provisions and Contingencies	2,370.78	1,670.67	1,167.07	819.62	687.82
Total Expenditure	**13,463.43**	**13,280.24**	**12,575.64**	**12,713.08**	**11,000.52**
Net Profit / Loss for The Year	727.02	750.49	381.80	439.41	415.91
Net Profit / Loss After EI & Prior Year Items	727.02	750.49	381.80	439.41	415.91
Profit / Loss Brought Forward	1,274.85	1,337.24	1,102.19	934.28	958.99
Total Profit / Loss available for Appropriations	2,001.88	2,087.73	1,483.98	1,373.68	1,374.90
APPROPRIATIONS					
Transfer To / From Statutory Reserve	181.76	187.62	95.45	109.85	103.98
Transfer To / From Special Reserve	80.00	80.00	0.00	0.00	157.62
Transfer To / From Capital Reserve	88.30	364.93	51.29	6.54	13.64
Equity Share Dividend	188.36	180.33	0.00	132.57	165.38
Tax On Dividend	0.00	0.00	0.00	22.53	0.00
Balance Carried Over To Balance Sheet	1,463.47	1,274.85	1,337.24	1,102.19	934.28
Total Appropriations	**2,001.88**	**2,087.73**	**1,483.98**	**1,373.68**	**1,374.90**
OTHER INFORMATION					
EARNINGS PER SHARE					
BasicfEPS (Rs.)	6.83	7.57	4.44	5.11	7.64
Diluted EPS (Rs.)	6.83	7.57	4.44	5.11	7.64
DIVIDEND PERCENTAGE					
Equity Dividend Rate (%)	12.00	15.00	0.00	15.00	20.00

CHAPTER 2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 THEORITICAL BACKGROUND OF THE STUDY

Banks and other budgetary organizations give administrations which open them to different sorts of dangers like credit chance, premium hazard and liquidity chance. Resource Liability the executives models empower organization to quantify and screen chance and give appropriate methodologies to their administration.

A powerful Asset Liability the executives Technique expects to deal with the volume, blend, development, rate affectability, quality and liquidity of benefits and liabilities in general in order to achieve a foreordained adequate hazard/compensate proportion.

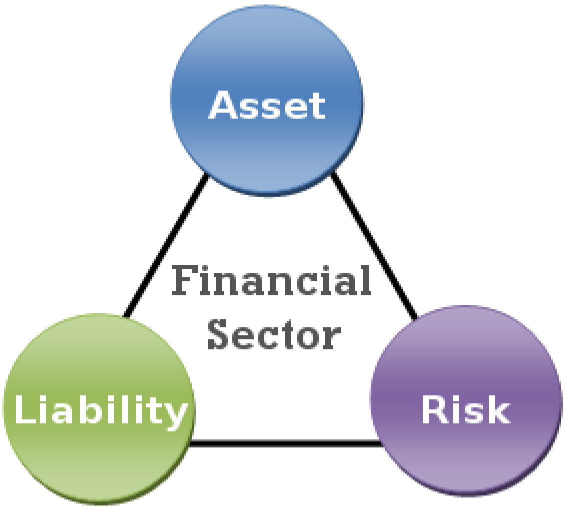
MEANING OF ASSETS AND LIABILITIES MANAGEMENT

Asset-liability management is the process of risk management tha rise because of the mismatch between assets and liabilities. It involves managing the assets and cash flow to satisfy the various obligations. In which case strives to mitigate or to hedge the risk of not meeting these obligations.

ASSET LIABILITY MANAGEMENT (ALM) SYSTEM

Asset Liability Management (ALM) can be termed as a threat the board system proposed to win a reasonable profit while possession up an pleasant excess of benefits previous liabilities. It thinks about loan costs, winning forces, and level of ability to assume obligation and thus is otherwise called Surplus Management.

But in the last decade, the ALM has evolved. It is now used in different ways in different contexts. ALM,which was actually developed by financial institutions and banks, are now widely used in9industries too. The2society of Actuaries Task Force on the principles of the ALM, Canada, offers the following definition for ALM. “Assets and Liabilities Management is the on-going process of formulating implementing, monitoring and revising strategies related to assets and liabilities in an attempt to achieve financial objectives for a given set of risk to tolerances and constraints”.



Asset Liability Management is the act of supervision threats that occur because of befuddles amongst the benefits and liabilities. Asset Liability Management is worried about key monetary record the executives including dangers brought6about by changes in loan fees, conversion scale, credit chance and the liquidity position of association.

Asset Liability Management is the demonstration of arranging, getting and coordinating the stream of assets concluded an association. Asset Liability Management is a vital methodology of dealing with the monetary record elements so that the net income are boosted.

Asset-liability management is a portfolio of assets and liabilities of an organization management. It is a method of matching assets and liabilities on the basis of the rate expected return and expected different deadlines.

In the context of ALM is defined as'a process of adjusting a liability to meet loan demands, liquidity needs and safety requirements'.

FINANCIAL STATEMENT

Financial Statements are official records of the fiscal movements and position of a corporate, separate, or other substance. Pertinent cash connected data is displayed in an systematized method and in a construction which is straightforward.

The basic objectives of preparing financial statements are:

a) To present a true and fair view of the financial performance of the business.
b) To present a true and fair view of the financial position of the business

The firm usually prepares the following financial statements:

1) Trading and profit and loss account
2) Balance sheet

1. Trading and profit and loss account

Trading and profit and loss. account, also known as income statement, shows the financial performance in the form of profit earned or loss sustained by the business.

2. Balance sheet

The balance sheet is a statement prepared to show the financial situation of the company summarizing its assets and liabilities at a given date. The assets represent balances receivable and liabilities (including capital) represent credit balances. It is prepared at the end of the fiscal year after that trading and profit and loss account have been prepared. It is called balance sheet because it's a statement of the accounts of the General ledger balances that have not been transferred to the trading account profits and losses must be deferred to the year next with the help of a given aperture logged to the beginning of the following year.

Balance sheet displays financial situation in the method of assets, liabilities and capital These are organized on the source of trial balance and supplementary evidence, if any.

Balance sheet can be divided into two parts

1. Assets
2. Liabilities

ASSETS

Assets are the economic resources Of a company that can becusefully expressed in monetary terms. Assets are items of value used by the company in its operations. Something tangible or intangible that may be owned or controlled to produce value and which is owned by a company that produces a positive economic Value is an asset.

Assets includes,

- Fixed assets
- Investments
- Advances
- Current assets

Assets can be broadly can be classified into two types:

- Current assets.
- Non-current assets.

LIABILITIES

Liabilities are responsibilities or arrears that an enterprise has to recompense at some time in the upcoming. They epitomize creditor's claims on the organization's assets.Both minor and big productions find it obligatory to borrow money at one time or the other,and to acquisitions goods on credit.

Liabilities includes,

- Capital
- Reserves and surplus
- Deposits

- Borrowings
- Other liabilities and provisions
- Contingent liabilities

Liabilities are classified into:

- Current liabilities
- Non-current liabilities

CAPITAL

Amount invested by the owner in the firm is known as capital. It may be brought in the form of cash or assets by the owner for the business entity capital is an obligation and a claim on the assets of business. It is, therefore, shown as capital on the liabilities side of the balance sheet.

Relevant items in Balance sheet :

Items which are generally included in a balance sheet are explained below:

i. Current assets

Current assets are those which are either in the form of cash or a can be converted into cash within one year. The example of such assets are cash in hand/bank, bills receivables, sundry debtors, short term investments, prepaid expenses, etc.,

ii. Current liabilities

Current liabilities are those liabilities which are expected to be paid within a year and which are usually to be paid out of current assets. The examples of such liabilities are bank overdraft, bills payable, sundry creditors, short term loans, outstanding expenses, etc.,

iii. Fixed assets

Fixed assets are those assets, which are held on a long-term basis in the business. Such assets are not acquired for the purpose of resale. example, land, building, plant and machinery, etc.,

iv. Intangible assets

These are such assets which cannot be seen or touched. Goodwill, patents, trademarks are some of the example of intangible assets.

v. Investments

Investments represented the funds invested in government securities, shares of a company, etc., They are shown at cost price.

vi. Long-term liabilities

All liabilities other than current liabilities are known as long-term liabilities. Such liabilities are usually payable after one year of the balance sheet. The important items of long-term liabilities are long-term loans from bank and other financial institutions.

vii. Capital

It is the excess of assets over liabilities due to outsiders. It represents the amount originally contributed by the proprietors/ partners as increased by profits and interest on capital and decreased by losses drawings and interest on drawings.

viii. Drawings

Amount withdrawn by the proprietor is termed as drawings and has the effect of reducing the balance on his capital account. Therefore, the drawing account is closed by transferring its balance to his capital account. However it is shown by way of deduction from capital in the balance sheet.

ASSET LIABILITY MANAGEMENT

Asset Liability Management is the procedure of handling the use of assets and money flows to encounter a company's requirements in order to moderate the firm's threat of loss from not forfeiting a liability on period. If assets and liabilities are appropriately fingered, the business can growth profits. The assets and liabilities management progression is typically used for bank loan portfolio and pension campaigns.

BASIS OF ASSET LIABILITY MANAGEMENT

Generally, banks and insurance agencies utilized collection arrangement of representing every one of their benefits and liabilities. They would take on liabilities, for example, stores, disaster protection approaches or annuities. They would then put the returns from these liabilities in resource, for example, advances, bonds or land. Every one of these advantages and liabilities were held at book esteem. Doing as such camouflaged conceivable dangers emerging from how the advantages and liabilities were organized.

Consider a bank that acquires 1 crore(100 lakhs)at 6 % for a year2and loans a similar cash at 7% to an exceedingly evaluated borrower for a long time. The net exchange seems gainful the bank is acquiring a 100 premise point spread however it involves impressive hazard. Toward the finish of a year, the bank should discover new financing for the credit, which will have 4 additional prior years it develops. On the off chance that financing costs have risen, the bank may need to pay a higher rate of enthusiasm on the new financing than the fixede7% it is acquiring on its credit.

Expanding banks and resource the board organizations began to concentrate on Assets and Liabilities hazard. The issue was not that the estimation of benefits may fall or that the estimation of liabilities may rise. It was that capital may be exhausted by narrowing of the contrast among resources and liabilities and that the estimations of benefits and liabilities may neglect to move couple. Resource and obligation chance is prevalently an utilized type of hazard.

The capital of maximum financial organizations is slight comparative to the business's assets or liabilities, and so small percentage changes in assets or liabilities can translate into large percentage changes in capital. Accrual accounting could disguise the problem by differing losses into the future, but it could not solve the problem. Firms responded by forming Asset Liability Management (ALM) departments to assess these asset-liability risk.

COMPONENTS OF ASSET LIABILITY IN CASE OF BANKS

LIABILITIESl	ASSETS
1. Capital 2. Reserves and surplus 3. Depositsz 4. Borrowings 5. Other liabilities	1. Cash and balances with RBI 2. Balances with Banks & money at call and shorts otices 3. Investments 4. Advances 5. Fixed assets 6. Other assets

PURPOSE OF ALM

1. Review the interest rate structure and compared the same to the interest/product pricing of both asset & liability.
2. Examine the loan and investment portfolios in the light of foreign exchange risk & liquidity risk that might arise.
3. Examine the credit risk and contingency risk that may originate either due to rate fluctuations or otherwise and assess the quality of assets.
4. Aims is to stabilize the short-term profits, long-term earning and long-term substance of the bank.

PROCEDURE FOR EXAMINING OF ASSET LIABILITY MANAGEMENT

In order to determine the efficacy of asset liability management one has to follow a comprehensive procedure of reviewing different aspects of internal control, funds management and financial ratio analysis. Below a step by step approach of ALM examination in case of a bank has been outlined.

STEP 1

The bank/financial statements and internal management reports should be reviewed to assess the asset/liability mix with particular emphasisjon :-

- Total liquidity positioni(Ratio of highly liquid assets to total assets)
- Current liquidity position (minimum ratio of highly liquid assets to demand liabilities/deposits)
- Ratio of Non performing Assets to Total Assets
- Ratio of loan to deposits
- Ratio of short term demand deposits to total deposits.
  Ration of long-term loans to short term demand deposits.
- Ratio of contingent liabilities for loans to total loans.
  Ratio of pledged securities to total securities.

STEP 2

Ithis topbe determinedkthat whetherxbank managementiadequately assesseszand plansyits liquidityuneeds andowhether thexbank haslshort termdsources ofkfunds. Thisushould includeo:-

- Reviewtof internalkmanagement reports on liquidity needs and sources of satisfying these needs.
- Assessing the bank's ability to meet liquidity needs.

STEP 3

The banks upcoming development and expansion strategies, with focus on funding and liquidity management aspects has to be looked into. This entails:-

- Determine if the Bank's management has actually addressed the issue of the need for cash to finance long-term.
- Look over the bank's budget projections for a certain period of time in the future.
- Determining whether the bank really needs to expand its activities. What are the sources of funding for such expansion and whether there are projections of changes in the bank's asset and liability structure?

- Measuringlthe bank's development plans and determining whether the bank will be able to attract planned funds and achieve the projected asset growth.
- Determining whether the bank has included sensitivity to interest rate risk in the development of its long term funding strategy.

STEP 4

Examining the bank's internal audit report in respects to quality and efficiency in terms of liquidity management

STEP 5:

Go through the bank's plan of satisfying unanticipated liquidity needs by :-

- Determining whether the bank's management assessed the potential expenses that the bank wil have as a result of unanticipated financial or operational problems.
- Formative the alternative sources of funding runniness and/or assets subject to necessity.
- Defining the impact of the bank's liquidity management on net earnings position.

ASSET LIABILITY MANAGEMENT IN INDIAN CONTEXT

The post-change banking situation in India was set apart by financing cost deregulation, section of new private banks and range of new items alongside more noteworthy utilization of data innovation. To adapt to these weights banks were required to develop techniques as opposed to specially appointed arrangements. Perceiving the need of Asset and Liabilities the executives to build up a solid and sound financial framework, the RBI has turned out with ALM rules for banks and FIs in April 1999.

ALM Organization (ALCO)

ALCO is a group within a banking institution responsible for determining the borrowing and lending strategy. As it is related to interest rate environment, the goal of committee is to maximize profitability.

- ALCO is appointed by a resolution of the bank executive board and includes no less than 7 members with the right to vote for a one-year period.
- Headed by the ALCO chairman, appointed by the bank Executive board.
- Also meetings are generally held every two weeks. If necessary, additional meeting may be convened.
- All ALCO members with the right vote have equal rights.

COMPOSITION OF ALCO

- The size of ALCO depends on size of institution, business mix and organizational complexity.
- CEO to head the committee.
- Chief of investment, credit , resource management, funds management/treasury, banking and economic research to be members of the committee.
- Head of Technology Division to be an invitee
- Some banks may have sub committee and supportive groups
- Management committee to oversee and review.

ACTIVITIES OF ALCO

- Formulation of optimal structure of banks balance sheet.
- Controluover capitalbadequacy andsrisk diversification.
- Executive ofvthe uniformsinterest policy.
- Todapprove aecontingencybplan.
- Topreview andrapprove therliquidity andvfunds managementbpolicy at least annually.
- Formation of banks capital market policy.
- To control over dynamics of basis performance indicators (ROE,ROA etc) as prescribed in the bank’s policy.
- Giving directions to the ALM team on the interest rate risk.

- Allocate the banks remaining asset and liabilities to meet risk and profitability objectives.

ALM information system:

Information of the ALM system is required for collecting the information accurately, adequately and promptly.Information is the key to the ALM process. A good information system gives the Bank's management a complete picture of the Bank's balance sheet.

2.2 LITERATURE REVIEW

1. **A Bharath Vajan, K.P. Tooyamani, Vignesh. A (20017),** in their article "A Study on Asset liability Management" the objective of this study is to study the asset liability management system and to compare the asset and liability variance, to study the impactvof ALM on profitability of the Bank, to identify the asset liability performance of Indian Overseas Bank.
2. **Dr. Veena.K.P, Ms. Pragathi.K.M (2017),** "An Analysis of Asset Liability Management in Banking sector: A case study of Kotak Mahindra Bank" . the objective of the study is to understand the theoretical background of assets and liabilities management and to assess the profitability position of Kotak Mahindra Bank.
3. **Prof. Kanhaiya Singh (2013),** " asset liability management in Bank: A Dynamic Approach". There are series efforts by banks to minimalize the asset liability disparity since the implementation of RBI guidelines in 1997. Bank's have prepared tolerable follow up and monitoring and preparations at unlike level.
4. **Dr.B Charumati(2008),** "Asset liability Management in Indian Banking Industry with special reference to interest rate risk management in ICICI Bank" . discoveries this examination is ALM idea however in vogue since 1997, it's characteristic complexities in acquiring precise auspicious data from the gross course level makes the banks in not getting its full favorable position. The modernized condition has helped the banks to accomplish the target of MIS gin the territory of gathering of exact and opportune information required for hazard the executives.
5. **Dr. K.Prince Poul Antony, J Manimegalai (2014-18),** "A Study on Asset Liability Management in Indian Bank", It became the primary focus in the banking sector, with all the banks trying to maximize performance and reduce their exposure to risk. Asset-liability management is the essential tool for risk management in the banks. The banks1have to6work correctly withhregard toxthe asset4liability management has so.increase their performance, assets and liabilities management is crucial for all banks.

6. **Rauch ET AL(2010),** " An Effect of ALM on the liquidity risk of Commercial Bank", A study the determinants of iquidity risk and effort to recognize the determinants of liquidity creation their results emphasise that the most important determinants are macro economic variables and monitory policy, while not showing a important relationship between liquidity creation and bank exact variables such as size and performance.
7. **Ronald J Ryan, CFA(2013),** "The Evolution of ALM" , the major objective of this study is the most of the US institution with Assets to advance is to fund some sort of liability, As is the care with the Banks, pension funds, and so forth. As a result ALM should be the investment focus and resource for selecting the core collection.
8. **Kanjana E N (2007),** "An Assessment Asset and Liability Management of Scheduled Commercial Bank in India", competence profitability and enlargement of scheduled commercial bank in India. Tested whether the establishment expenses was major expenses and out of total expenses which is met by scheduled commercial bank is more due to more number of employees. In her empirical study the earning factor and expenses factor which are controllable and non controllable by the Bank.
9. **P.Sheela, Tejaswini Bastray(2009-2014),** "Asset-Liability Management- A Comparative Study of a Public and Private Sector Bank", through the study it was observed that both the banks were exposed to interest rate risk through out the study period. To fill the short term liquidity gap, banksc resort to market barrowings at higher rate of interest which was the cause in the reduction of interest margin and profitability of the Bank.
10. **S.Prabhakar, Dr.S.Mathivannan, J.Ashok Kumar(2017),** " Asset and Liability Management in Banks- A Comparative study on Gap Analysis of SCBs in India". Objective of the study is to compare the sensitive Asset and Liabilities of public sector commercial banks in India.

11. **G.Papaioannou:, Iva Petrova (2000),** "Sovereign Risk and Asset and Liability Management Conceptual Issues(SRALM),Country practices towards managing financial risks on a sovereign balance sheet continued to evolve. Each crisis period, and its legacy on sovereign balance sheet, reforms the need for strengthening financial risk management. This paper discusses some salient features embedded in current generation of sovereign asset and liability management (SALM) approaches, including objectives, definition of relevant assets and liabilities, and methodologies used in optimal SALM outcomes.
12. **Travis L Jones(2002),** " Integrating Asset-Liability Risk Management with Portfolio Optimization for individual investors". A majority of private client practitioners relay on mean variance optimization(MVO), rules of thumb, or model portfolios for making asset allocation recommendation. Considerations for income levels and other constraints figure into the typical approach.
13. **Ashok Kumar (2009),** "A Relative Study of a Public and private sector Bank", this study explains how the financial performance of the organization or banks. ALM has been affected by the financial deregulation of the economy. The main objective of the experiential study is to access the financial performance depending on the organization. Assets and Liabilities Management how they perform in the market, more important for the investors to invest of the practical organization.
14. **Dash & Pathak(2011),** "Effect of ALM on commercial banks profitability in Indian financial market". In this article found that a best assets and liabilities management had a strong short term liquidity position, but with lower profitability, while private sector had a comfortable short term liquidity position balancing profitability. It shows the short terminally reach the organization objectives and goals. It depending upon ALM.
15. **S.P.Joshi & Dr. R.V.Sontakay(2017),** "Review paper on Asset Liability Management in Banking System". The paper review the milestone research work in asset and liability management of banks. A study carried out in all referred papers shows that ALM plays a crucial role in banking system. Every bank must have an appropriate ALCO Committee to look upon the risk associated with each step a bank to taken or its growth.

16. **DasoAbhiman(1996),** "Structural changes, Asset and liability mismatch commercia lbank in India". This paper attempted to identify an explore the relationships and structural changes including hedging behaviour between Assets and Liabilities of the cross section of the scheduled commercial banks in India into different point of time marking pre and post liberalization phrase of banking reforms.

17. **A.W.Rajwade(2002),** "Issues in Asset Liability Management". India says that historically banks have not paid much attention to the topic of management interest rate mainly because all interest rates were regulated by the central bank. As for as commercial banks are considered, particularly the larger Indian public sector banks, the principle source of mismatch is their holding of fixed incomensecurities as part of statutory liquidity portfolio.
18. **Gary P Moynihan & Prasad, Purushothaman(2002),** "A decision support system for Asset Liability Management". This paper discussed the development of a decision support system for asset liability management in financial institutions. The system utilizes historical data develop algorithms can forecast the amounts of this assets and liabilities.
19. **Md. SalimUddin, and Anamul Haque (2003-2014),** "The cost and Management". There is no underlying fact to ignore the assets and liability policy to ensure profitability and long term sustainability of financial institutions in any economy. The study has been conducted to investigate the impacts of ALMS policy on the profitability of sample banks working in Bangladesh. To identify the relationship among the variables.
20. **Mihir Dash, K.A.Venkatesh, Bhargav.B.D ,** "An Analysis of Assets-Liability Management in Indian Banks". Maturity-gap analysis has a wide range of focus, only as a situation analysis tool, but also a planning tool. Banks need to maintain the maturity gap as low as possible in order to avoid any liquidity exposure. This would necessarily mean that outflow in different maturity buckets need o be funded from the inflows in the same bucket.

CHAPTER 3

RESEARCH DESIGN

An exploration configuration is the system for an investigation and the arrangement by which the methodology is to be completed. It indicates the techniques and methodology for the accumulation, estimation and investigation of information.

Decision concerning what, where, when, how much, by what means regarding an investigation or a research study constitute a research design.

It is the overall structure of research. Emphases on what kind of study is intentional and what kind of results are expected from the research, grounded on the research question or problem. It deals with logic of scientific inquiry, interpretive work, understanding phenomenon.

3.1 STATEMENT OF PROBLEM

The Assets and Liabilities Management incorporates all stores and advances, development of stores and gradual resources and liabilities, and so forth it is a basic leadership in charge of accounting report arranging from hazard and return outlook including the key administration of liquidity, loan fee dangers. The business and hazard the executives technique of the bank ought to guarantee that the 0bank works inside the constrained parameters set by the Board. Other than observing the hazard dimensions of the bank, there should legitimate survey the outcomes and advancement in acknowledgment of the choice made. In future business system choices ought to be founded on the banks current rate of premium. In regard of the financing strategy, for example, its duty is choose source and liabilities blend or the benefits deal. There ought to be productive administration of transient stores, medium term stores and long haul stores, advances progresses, barrowings and speculations and so forth.,

3.2 TITLE OF THE PROJECT

The project titled " Assets and Liabilities Management" at Vijaya Bank, Nitte, Udupi.

3.3 NEED FOR THE STUDY

- ALM units create an aligned risk and return management processes. The right mix between skills and the appetite for risk should be identified, the expected results of the metrics known and appropriate activities implemented. The approach must be aligned with the realities of the market1 of the Bank.
- A Bank has to realize that the right level of assets and liabilities must be committed to support the function.
- Numerous practices are used to inspect the disparity in a bank's balance sheet and it can be a difficult process if not supported with adequate systems. Depending on systems and analytical support the ALM process will undertake a number of analysis designed to identify ; static and dynamic mismatch.

3.4 OBJECTIVE OF THE STUDY

- To study about the management of Assets8and Liabilities of the Vijaya Bank.
- To understand how ALM helps to maintain the liquidity of the firm..
- To know how the ALM improves the effectiveness and performancevof Vijaya Bank.
- To summarize the findings, conclusion and recommend the suggestions on ALM of Vijaya Bank.

3.5 SCOPE OF THE STUDY

This study helps in profit planning and growth of the bank and it is also helps in analysis of performance of the Bank based on the past performance and finds weakness in the operation of Bank. It predict the risk purpose. It will help in operational works done effectively.

The current study is undertaken for the purpose of knowing the performance of Vijaya Bank, Nitte.

3.6 RESEARCH METHODOLOGY

Research methodology is a technique to snap the research problem methodically. It includes assembling the data and uses arithmetical technique understanding and drawing decisions about the investigation data. In the present study descriptive method of research is undertaken. Descriptive research does not establishes a cause and effect relationship. In this study effort being made to describe characteristic of data.

Sources of data collection

The researcher is primarily based on secondary data, with addition information gathered from the finance department. The main sources are bank's previous year's annual reports and schedules.

PRIMARY DATA

Primary data is collected through personal interview with manager and staffs and taking their perception with regard to topic of the study

SECONDARY DATA

Annual reports of company are used as the prime source of secondary data. Apart from the annual reports to study the general condition prevailing in the economy published articles in journals, magazines and internet are used.

3.7 LIMITATION OF THE STUDY

- This think about depends on the past information of Vijaya Bank.
- The consider is chiefly founded on the optional information.
- Approximate results : the outcomes are approximated, as no exact information is accessible.
- As per the organizational practice of keeping data confidential collection of relevant data needed for the study was difficult.
- A thorough and in depth study is not possible because of time constraints.
- The study is limited only for a duration of 6 weeks.

CHAPTER SCHEME

The study report will be presented in 5 chapters as indicated below :

CHAPTER-1

Introduction

It deals with the introduction about the project, industry profile which explains how the banking industry came into existence and how it is operating today. The industry profile deals with thorough study of Vijaya Bank- promoters, vision, mission, service profile, SWOT Analysis.

CHAPTER-2

Conceptual background of the study & literature review

It deals with concept background of study that is the detail study of assets and liabilities management and literature review.

CHAPTER-3

Research Design

It deals with design of the study, title of the project, statement of the problem, objectives & scope of the study, operational definitions of the concept. Source of data collection & the Methodology, limitations of the study & chapter scheme

CHAPTER-4

Analysis & interpretation of data :

It covenants with the analysis & interpretation of the assets and liabilities data composed from the Bank. Under which the five years comparative statements are prepared and analysed and als the ratio calculations are done to interpret.

CHAPTER-5

Summary of Findings & conclusions, recommendations & suggestions:

It presents the summary of all findings&conclusions. It helps to take out some unwanted information's by giving suggestions. Appendices & annexures. It is a copy of balance sheet of a bank.

Bibliography

It is the reference made from internets, web sites and the text books etc.,

CHAPTER -4

ANALYSIS AND INTERPRETATION OF DATA

RATIO ANALYSIS

1. CURRENT RATIO:

The current ratio is a liquidity ratio that measures whether or not a firm has enough resources to meet its short-term obligations. It thinks about an association's present advantages for its presentlliabilities, and is communicated as pursues:

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

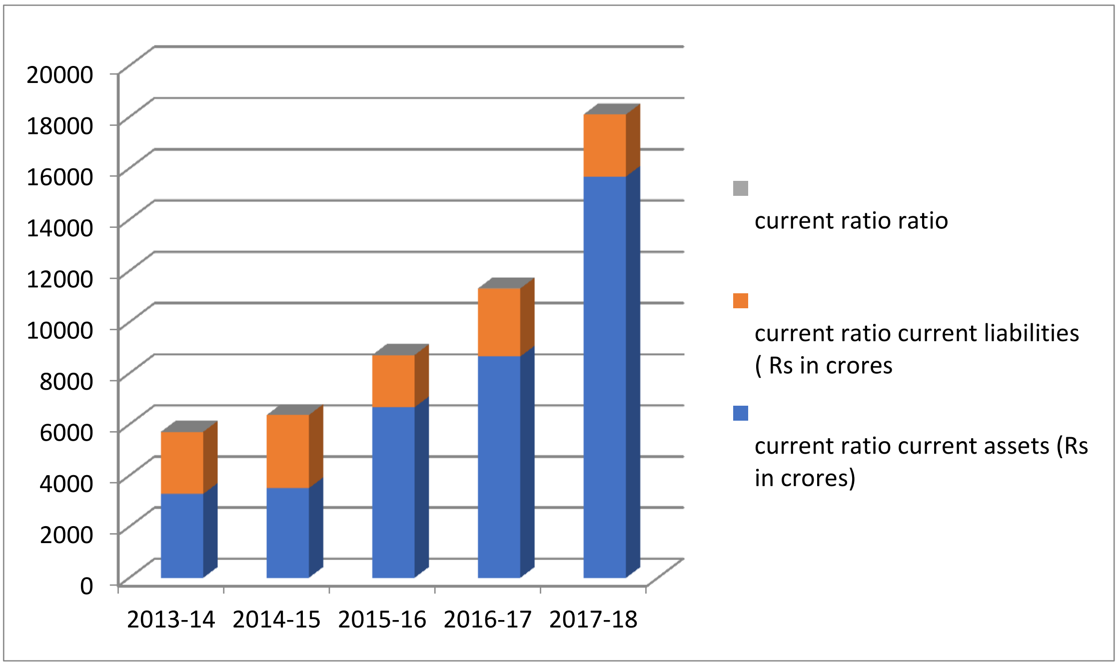
TABLE 4.1: SHOWING CURRENT RATIO FROM THE YEARx2013 TO 2018

CURRENT RATIO			
Year	**current assets(Rs in crores)**	**current liabilities(Rs in crores**	**ratio**
2013-14	3,282.59	2,429.73	1.35
2014-15	3,506.65	2861.79	1.23
2015-16	6,671.44	2,042.72	3.27
2016-17	8,658.67	2656.34	3.26
2017-18	15,683.23	2,417.52	6.49

ANALYSIS :

From the above table current ratio is 1.35:1 in the year 2013-14, that means the current assets are less compared to the standard ratio that is 2:1, That shows that current liability was more. In the year 2015-16 the ratio of current assets over current liabilities is increased to 3.27:1, that means the Vijaya bank has met the standard current ratio. It was remain more or less same in the year 2016-17. In the year 2017-18 the current ratio of Vijaya Bank is 6.49:1 . which states that the Bank has a sufficient current assets over current liabilities.

GRAPH 4.1: SHOWING CURRENT RATIO FROM THE YEAR 2013 TO 2018



Interpretation:

So we can say that the Vijaya Banks current assets are increased over a period of time. In the base year 2013-14 the current ratio of Bank was 1.35:1 .Which was not up to the standard ratio 2:1. In the year 2014-15 the current assets of Bank has been decreased to 1.23. after the years like 2015-16, 2016-17 and 2017-18 it has been increased to 3.27:1 , 3.26:1, and 6.49:1 respectively. In the years 2015-16 and 2016-17 there was no much difference between the current assets ratio, it was more or less same and it was up to the standard ratio. But in the year 2017-18 the current ratio of Vijaya bank has been increased to 6.49:1, which shows that the current assets of Vijaya Bank has been increased much as compared to base year 2013-14.

2. FIXED ASSETS TO NET WORTH RATIO

Fixed assets to net worth is a ratio measuring the solvency of a company. This ratio indicates the extent to which the owner's cash is frozen in the form of fixed assets, such as property, plant and the extent to which funds are available for the company's operations.

$$\text{Fixed assets to net worth ratio} = \frac{\text{Fixed Assets}}{\text{Share holder's fund}} *100$$

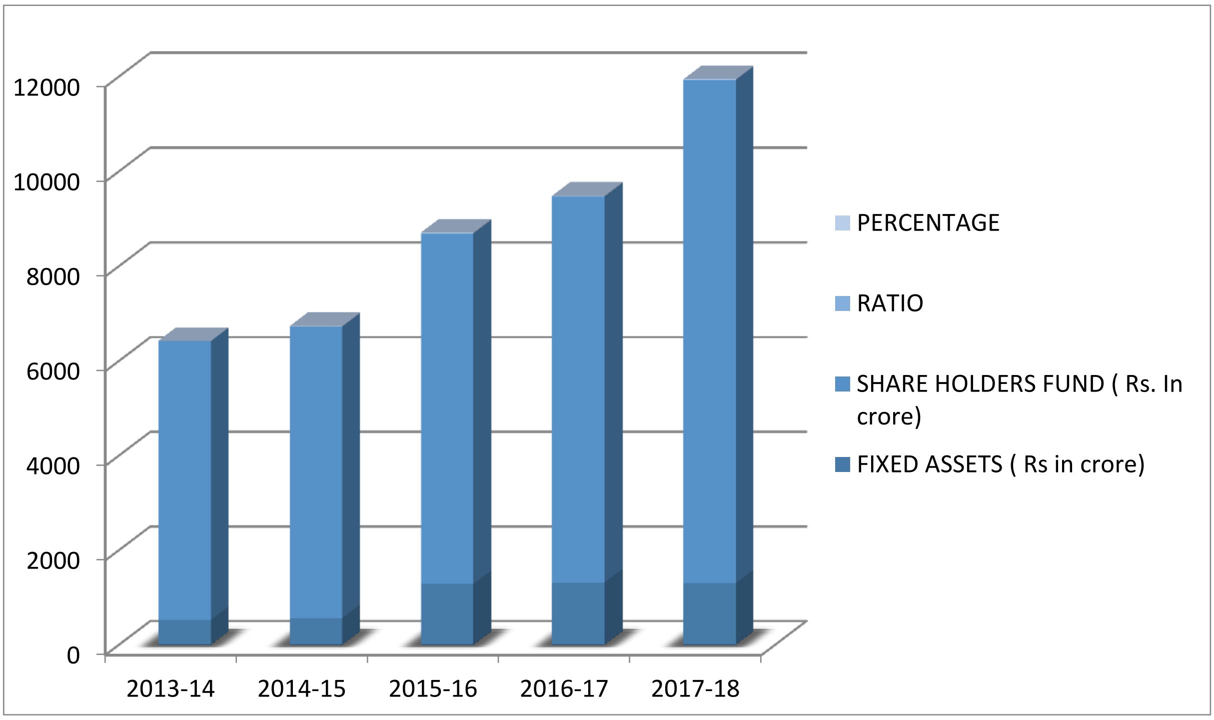
TABLE 4.2 : FIXED ASSETS TO NET WORTH RATIO

FIXED ASSET TO NET WORTH RATIO			
YEAR	**Fixed assets(Rs in crore)**	**Share holders fund (Rs. In crore)**	**PERCENTAGE**
2013-14	528.95	5,887.92	8.98
2014-15	566.64	6,159.75	9.20
2015-16	1288.29	7,404.72	17.40
2016-17	1,318.76	8,151.49	16.18
2017-18	1,301.48	10,627.20	12.25

Analysis:

From the above table the fixed assets to net worth is 8.98% in the base year 2013-14 and it has been increased to 9.20% in the year 2014-15. It has been increased to 17.40, 16.18 in the year 2015-16 , 2016-17 respectively. But it has been decreased to 12.24 in the year 2017-18.

GRAPH 4.2: SHOWING FIXED ASSETS TO NET WORTH RATIO FROM THE YEAR 2013 TO 2018



INTERPRETATION:

From the above graph we can say that there is increase in the percentage in the year 2017-18, that is 8.98% compared to the base year 2013-14. But it has been decreased in the year

2017-18 compared to year 2016-17, that means in the year 2016-17 it was 16.18% but it has been reduced to 12.25% in the year 2017-18. In the year 2015-16 the percentage of ratio was drastically increased that is 17.40% compared to the base year 2013-14 . so we can say that there is a fluctuation in the percentage of fixed assets to net worth ratio. Which indicates that the bank has been increased its investment in fixed assets till 2015-16 but later the year it has been decreased.

3. **PROPRIETARY RATIO**

   The proprietary ratio is also known as equity ratio is the proportion of shareholder's equity to total assets, and as such provides a rough estimate of the amount of capitalization currently used to support a business.

$$\text{proprietary ratio} = \frac{\text{share holders equity}}{\text{total assets}} *100$$

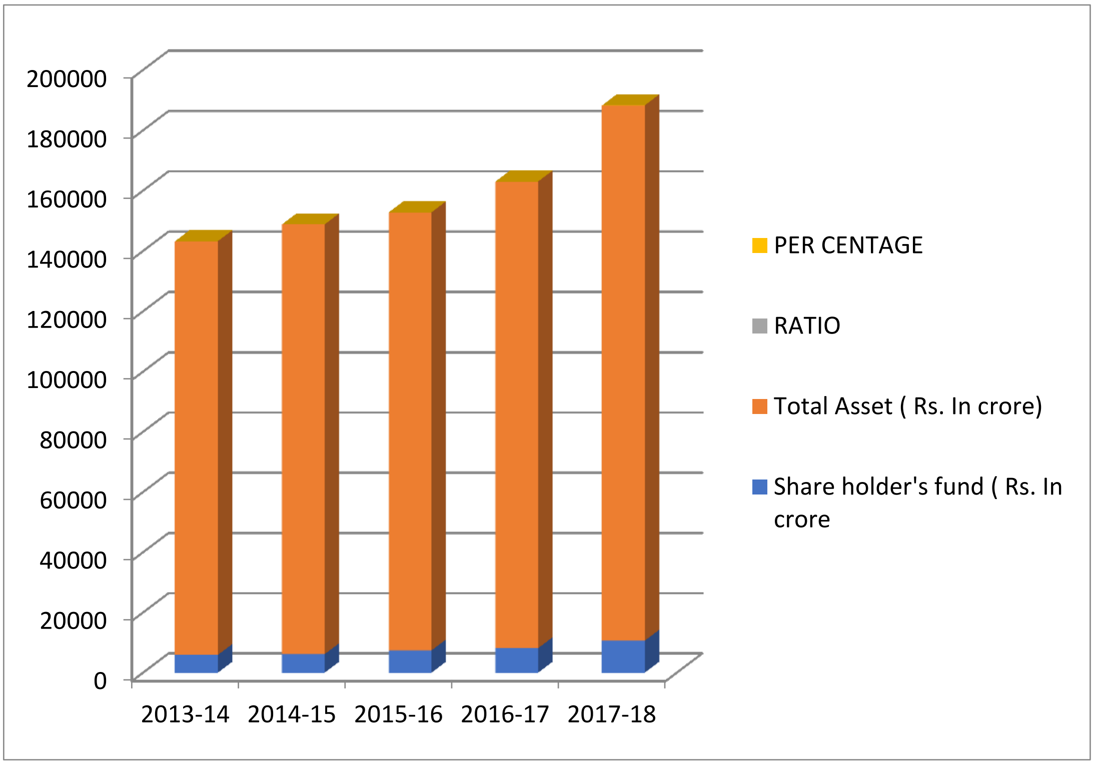
TABLE 4.3: SHOWING PROPRIETARY RATIO FROM THE YEAR 2013 TO 2018

PROPRIETARY RATIO			
YEAR	**Share holder's fund (Rs. In crore)**	**Total Asset (Rs. In crore)**	**PER CENTAGE**
2013-14	5,887.92	1,37,358.61	4.29
2014-15	6,159.75	1,42,643.09	4.32
2015-16	7,404.72	1,45,408.74	5.09
2016-17	8,151.49	1,54,881.58	5.26
2017-18	10,627.20	1,77,632.05	5.98

Analysis:

From the above table proprietary ratio was 4.29% in the base yeark2013-14. It has been increased to 4.32% in the yearl2014-15. It has been increased 5.09 , 5.26 , 5.98 in the year 2015-16 , 2016-17, 2017-18 respectively.

GRAPH 4.3: SHOWING PROPRIETARY RATIO FROM THE YEAR 2013 TO 2018



Interpretation:

Hence, we can say that the proprietary ratio increased in the year2017-18 compared to base year 2013-14. In the base year 2013-14 it was 4.29 and later on it has been increased to 4.32 % in the year 2014-15that means there was a small number of increase in ratio. After that years like 2015-16, 2016-17 and 2017-18 the percentage of changes in proprietary ratio was more or less same, that means it was nearly 5.09 to 5.98. On the off chance that the proportion is high, this shows an organization has an adequate measure of value to help the Elements of business, and to most likely has space in its budgetary structure to assume extra obligation, if important. So we can say that the Vijaya Bank has an adequate measure of value to help the capacity of business.

4. RETURN ON NET WORTH RATIO

Return on Net Worth is used in finance as a measure of a company's profitability. It reveals how much profit a company generates with the money that the equity shareholders have invested.

$$\text{Return on Net Worth} = \frac{\text{Net profit}}{\text{Net worth}} * 100$$

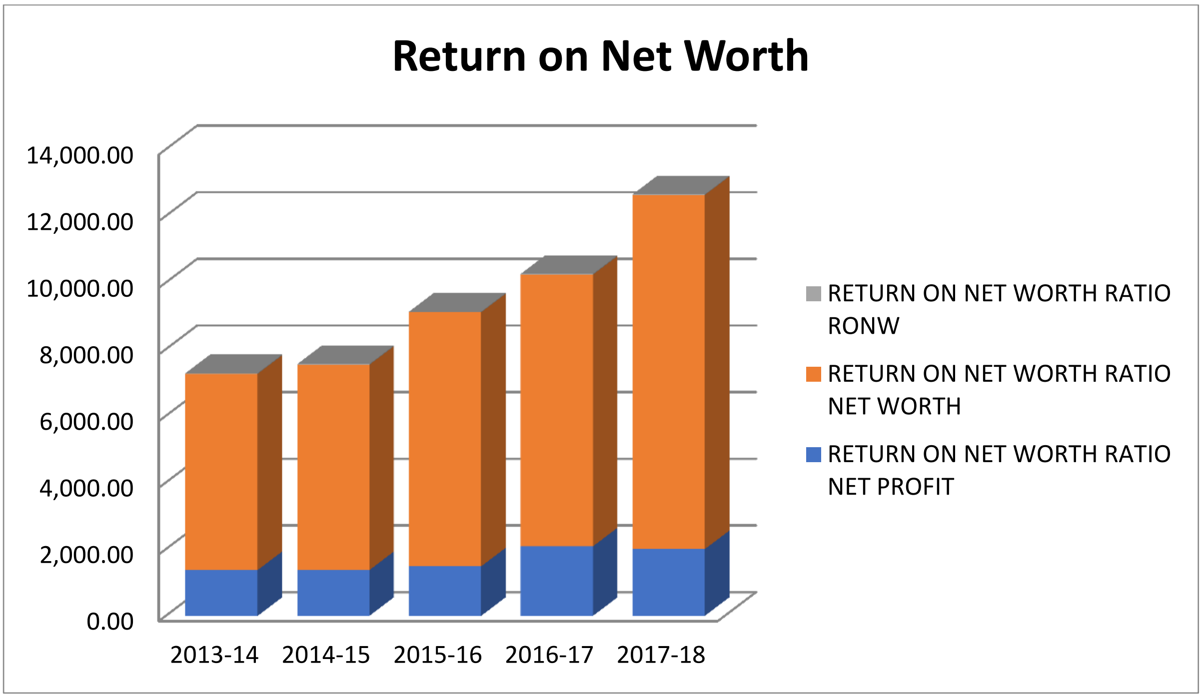
TABLE 4.4: SHOWING RETURN ON NETWORTH RATIO FROM THE YEAR 2013 TO 2018

RETURN ON NET WORTH RATIO			
YEAR	**NET PROFIT**	**NET WORTH**	**RONW**
2013-14	1,374.90	5,887.92	23.35
2014-15	1,373.68	6,159.76	22.30
2015-16	1,483.98	7,624.72	19.46
2016-17	2,087.73	8,151.50	25.61
2017-18	2,001.88	10,627.20	18.84

Analysis:

From the above table Return on Net Worth Ratio, the RONW ratio was 23.35% in the base year 2013-14. It has been decreased to 22.30 in the year 2014-15 and 19.46 in the year 2015-16. It has been increased in the year 2016-17 that is 25.61. but later it has been decreased to 18.84 in the year 2017-18. So we can say that the Return on Net Worth ratio is fluctuating compared to base year 2013-14.

GRAPH 4.4: SHOWING RETURN ON NET WORTH RATIO FROM THE YEAR 2013 TO 2018



Interpretation:

So we can say that there is a fluctuation in ratio's when compared to base year 2013-14. In the base year it was 23% but after the years like 2014-15 and 2015-16 it has been decreased, which indicates that there is a decrease in the profitability of the bank. In the year 2016-17 it has been increased to 25%, which states that there is an improvement in the bank's profitability. In the year 2017-18 it was again reduced to 18%. By compared to the whole 5 years percentage we can say that there is a fluctuation in the bank's profitability.

5. CAPITAL ADEQUACY RATIO

Capital Adequacy Ratio is otherwise called Capital to Risk Assets Ratio, is the proportion of a bank's cash-flow to its hazard. National controllers track a bank's CAR to guarantee that it can retain a sensible measure of misfortune and conforms to statutory Capital prerequisite.

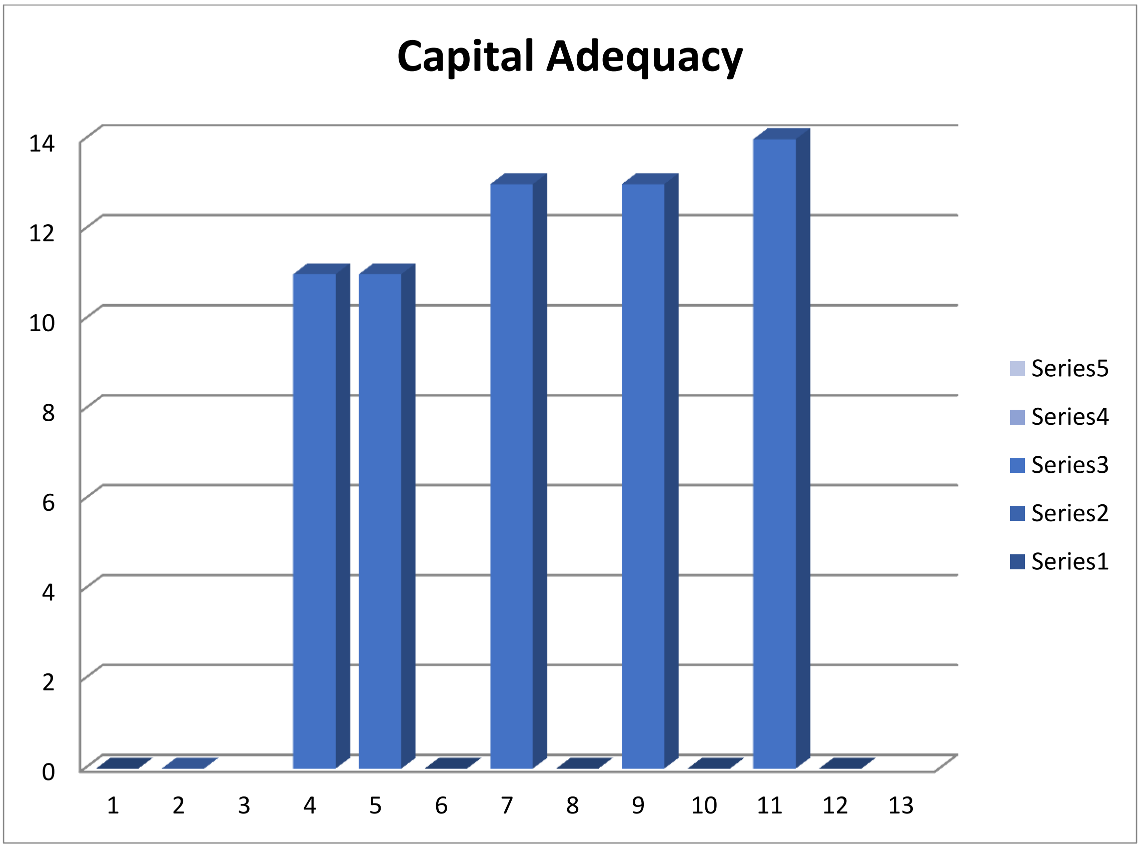
TABLE 4.5: SHOWING CAPITAL ADEQUACY RATIO FROM THE YEAR 2013 TO 2018.

CAPITAL ADEQUACY RATIO(%)	
YEAR	**PERCENTAGE**
2013-14	11
2014-15	11
2015-16	13.00
2016-17	13
2017-18	14.00

Analysis:

From the above table we can observe that the capital adequacy is 11% in the year 2013-14 and it was remain same in the year 2014-15. In the year 2015-16 it has been increased to 13%. In the year 2017-18 it increased to 14%. So we can say that there is gradually increasing in the capital adequacy ratio compared to base year 2013-14.

GRAPH 4.5: SHOWING CAPITAL ADEQUACY RATIO FROM THE YEAR 2013 TO 2018



Interpretation:

Thus, we can say that there is gradually increase in the capital adequacy of the bank. The capital adequacy measure the lbank’s capital. It is expressed as a percentage of a bank’s risk weighted credit exposures. In above graph we can say that the Vijaya Bank’s capital adequacy was 11% in the base year 2013-14 and it has been increased to 13% in the year 2015-16. In the year 2017-18 it has been increased to 14%. So this may states that the Bank is in the position of intended to protect depositors and promote stability and efficiency of financial system.

6. EARNING PER EQUITY SHARE

Earning per share (EPS), also called net income per share, is a market prospect ratio that measures the amount of net income earned per share of stock outstanding. In other words, this is the amount of money each share of stock would receive if all of the profits were distributed to the outstanding shares at the end of the year.

$$\text{Earning per Eq. Share} = \frac{\text{Net Profit after Tax \& Preference Dividend}}{\text{No. of Equity Share}}$$

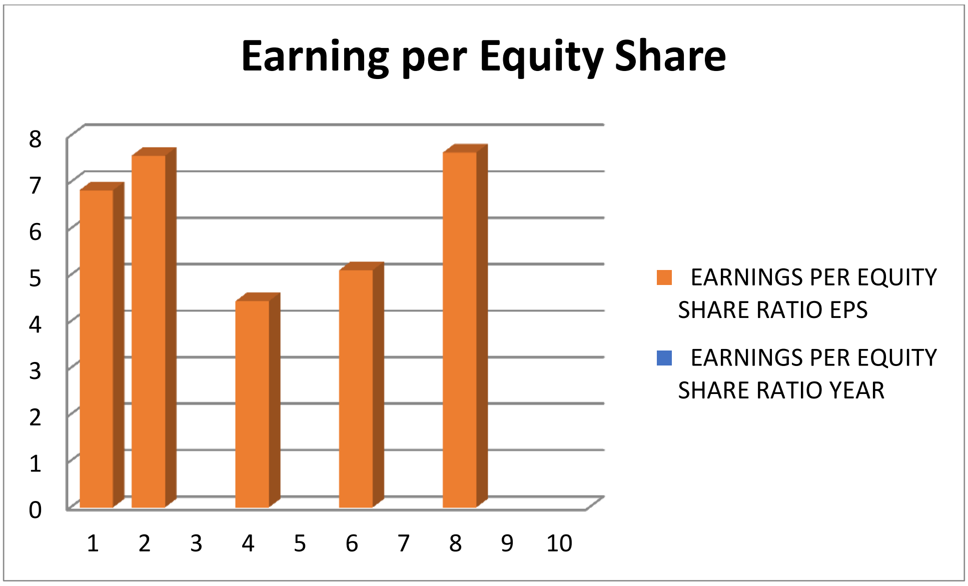
TABLE 4.6: Showing EPS for the period of 2013 to 2018

EARNINGS PER EQUITY SHARE RATIO	
YEAR	**EPS**
2013-14	6.83
2014-15	7.57
2015-16	4.44
2016-17	5.11

ANALYSIS:

From the above table the Earning Per Equity Share in the year 2013-14 was 6.83 per share. In the year 2014-15 it has been increased to 7.57 per share. But in the next financial year 2015-16 it has been decreased to 4.44 per share. In the year 2017-18 the earning per share has been increased to 7.64 per share.

GRAPH 4.6: Showing Earning Per Equity Ratio for the Period 2013 to 2018



INTERPRETATION:

Thus, we can say that the earnings per share of Vijaya Bank is fluctuating over a period of 5 years . in the base year 2013-14 the EPS was 6.83 per share. In the next year 2014-15 it has been increased to 7.57 per share . but in the year 2015-16 and 2016-17 it has been decreased to 4.44 per share and 5.11per share respectively, that means the equity share holder's of Vijaya Bank gets low earnings on their holdings. In the year 2017-18 it has been increased to 7.64 per share .

EPS tells how much money the company is making in profits per every outstanding .share of stock The higher the EPS of Vijaya bank tells that its shares are more worth.

7. EQUITY RATIO

Equity ratio is a financial ratio indicating the comparative proportion of equity used to economics a company's assets. The equity ratio is an investment leverage or solvency ratio that measures the amount of assets that are financed by owner's funds by comparing the total equity in the company to the total assets.

$$\text{Equity ratio} = \frac{\text{Shareholder's Fund}}{\text{Total Assets}}$$

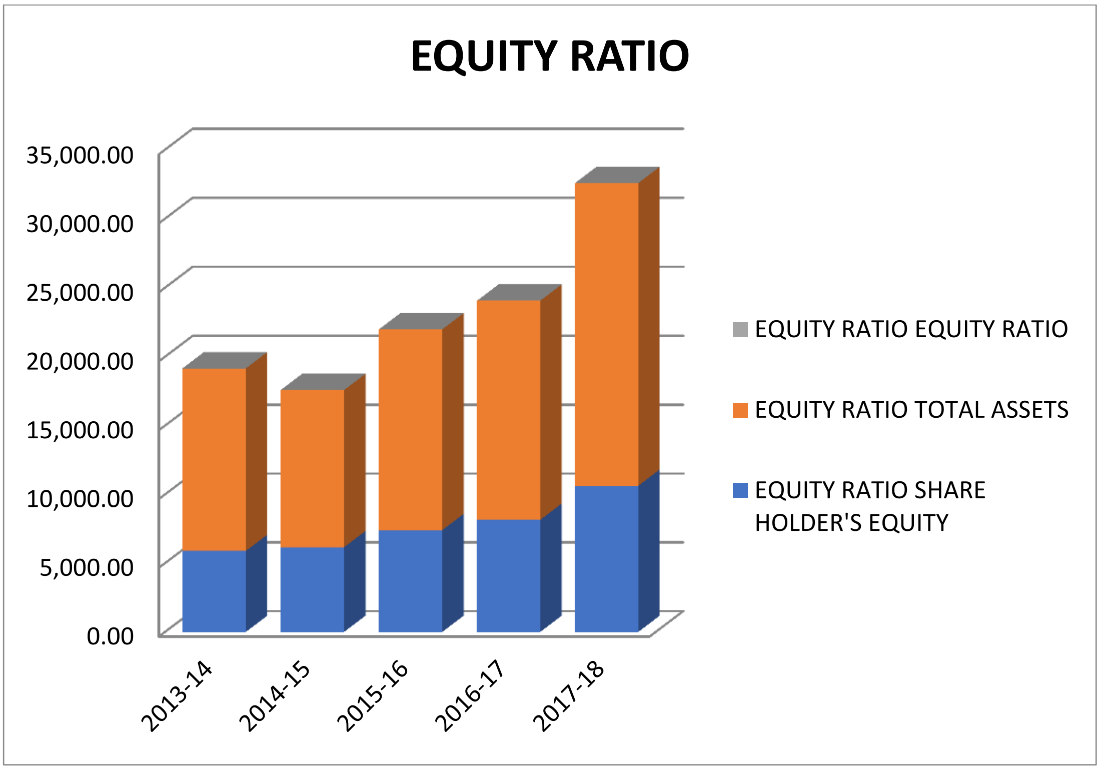
TABLE 4.7: Showing Equity Ratio for the period 2013 to 2018

EQUITY RATIO			
YEAR	**SHARE HOLDER'S EQUITY**	**TOTAL ASSETS**	**EQUITY RATIO**
2013-14	5,887.92	13,269.20	0.44
2014-15	6,159.75	11,425.12	0.54
2015-16	7,404.72	14,579.28	0.51
2016-17	8,151.49	15,908.14	0.51
2017-18	10,627.20	21,954.95	0.48

ANALYSIS:

From the above table, the Equity Ratio says that the in the year 2013-14 it was 0.44. it has been increased to 0.54 in the year 2014-15. In the year 2015-16 and 2016-17 it remains the same that is 0.51. In the year 2017-18 it has been decreased to 0.48.

GRAPH 4.7: Showing Equity Ratio for the period of 2013 to 2018



INTERPRETATION:

Hence, the equity ratio tells that higher the debt equity higher the risk and Vic versa., from the above graph we can say that there is no much changes from the year 2013 to 2018. In the year 2013 it was 0.44. in the year 2014-15 it has been increased to 0.51. In the year 2015-16 and 2016-17 the equity ratio remains same 0.51. in the year 2017-18 it has been decreased to 0.48 . So we can say that the vijaya bank's equity ratio is decreased in the current year 2017-18 Which means the risk in equity is less compared to base year 2013-14.

COMMON SIZE BALANCE SHEET

TABLE 4.8: SHOWING COMMON SIZE BALANCE SHEET -2015

COMMON SIZE BALANCE SHEET FOR THE YEAR ENDING 31 MARCH 2015				
PARTICULARS	**2014**		**2015**	
	Rs	**%**	**Rs**	**%**
A**. CURRENT ASSETS**				
Cash and Balance with RBI	5,540.21	4.03	6,534.29	4.58
Balance with banks money at call and short notice	3,917.45	2.85	817.54	0.57
other assets	3,282.59	2.39	3,506.65	2.46
Total Current Assets	**12,740.25**	**9.28**	**10,858.48**	**7.61**
B. FIXED ASSETS				
Fixed assets	528.95	0.39	566.64	0.40
Investments	42,585.38	31.00	44,522.10	31.21
Advances	81,504.03	59.34	86,695.86	60.78
Total Fixed Assets (B)	**124618.36**	**90.72**	**1,31,784.60**	**92.39**
TOTAL ASSETS (A+B)	**1,37,358.61**	**100**	**1,42,643.08**	**100**
LIABILITIES AND CAPITAL				
C. CURRENT LIABILITY				
Other Liabilities and Provisions	2,429.73	1.77	2,861.79	2.01
Total Current Liabilities ©	**2,429.73**	**1.77**	**2,861.79**	**2.01**
D. LONG TERM LIABILITIES				
Share Holder's Fund	5,887.92	4.29	6,159.75	4.32
Deposits	1,24,296.16	90.49	1,26,343.35	88.57
Borrowings	4,744.80	3.45	7,278.19	5.10
Total Long Term Liability (D)	**1,34,928.88**	**98.23**	**1,39,781.29**	**97.99**
TOTAL LIABILITIES AND CAPITAL (C+D)	**1,37,358.61**	**100**	**1,42,643.08**	**100**

INTERPRETATION:

from the above common size balance sheet for the year ending 31 March 2015 we can say that the amount invested on fixed asset in the year 2014 to 2015 is increased. In the year 2015 the current assets percentage has been decreased around 2%. Which shows that the investment ion fixed assets in the year 2015 is increased. The bank has concentrating on investments and advances and which decreases the working capital to meet its day today activities.

From the study of current liabilities we can say that current liabilities can increased from the year 2014 to 2015, that is 1.77 in the year 2014 and 2.01 in the year 2015. The bank has been decreased its long term obligations or liabilities, that is 98.23 in the year 2014 and 97.99 in the year 2015.

So we can say that the bank is tries to increase its fixed assets and tries to reduce its long term obligations.

TABLE 4.9: COMMON SIZE BALANCE SHEET -2016

COMMON SIZE BALANCE SHEET FOR THE YEAR ENDING 31 MARCH 2016				
PARTICULARS	**2015**		**2016**	
	Rs	**%**	**Rs**	**%**
A. CURRENT ASSETS				
Cash and balance with RBI	6,534.29	4.58	6,268.35	4.31
Balance with banks money at call and short notice	817.54	0.57	351.2	0.24
Other assets	3,506.65	2.46	6,671.44	4.59
Total current assets(A)	**10,858.48**	**7.61**	**13,290.99**	**9.14**
B. FIXED ASSETS				
Fixed assets	566.64	0.40	1,288.29	0.89
Investments	44,522.10	31.21	41,842.49	28.78
Barrowings	86,695.86	60.78	88,986.96	61.20
Total fixed assets(B)	**131784.6**	**92.39**	**1,32,117.74**	**90.86**
TOTAL ASSETS(A+B)	**1,42,643.08**	**100**	**1,45,408.73**	**100**
LIABILITIES AND CAPITAL				
C. CURRENT LIABILITIES				
Other Liabilities and Provisions	2,861.79	2.01	2,042.72	1.40
Total current liabilities©	**2,861.79**	**2.01**	**2,042.72**	**1.40**
D. LONG TERM LIABILITIES				
Share holder's fund	6,159.75	4.32	7,404.72	5.09
Deposits	1,26,343.35	88.57	1,25,440.72	86.27
Barrowings	7,278.19	5.10	10,520.57	7.24
Total long term liabilities(D)	**1,39,781.29**	**97.99**	**1,43,366.01**	**98.60**
TOTAL LIABILITIES AND CAPITAL (C+D)	**1,42,643.08**	**100**	**1,45,408.73**	**100**

INTERPRETATION:

From the above common size balance sheet for the year 2016 we can analyse that the bank's current assets in the base year 2015 was 7.61% and in the year 2016 it has been increased to 9.14%. so we can say that there is a increase in the current assets. And in the fixed assets it has been reduced compared to the base year 2015, that means the percentage in the year 2015 was 92.39 but in the year 2016 it has been reduced to 90.86%.

The other part of the balance sheet shows the current liabilities and long term liabilities. For this analysis we can see that the percentage of current liabilities has been decreased to 2 % to 1.40 %. It states that the bank's current obligation is reduced compared to the base year 2015. There was a increase in the long term liabilities around 1%. In the base year it was 97.99 % and it has been increased to 98.60% in the year 2016.

TABLE 4.10 : COMMON SIZE BALANCE SHEET -2017

COMMON SIZE BALANCE SHEET FOR THE YEAR ENDING 31 MARCH 2017				
PARTICULARS	**2016**		**2017**	
	Rs	**%**	**Rs**	**%**
A. CURRENT ASSETS				
Cash and balance with RBI	6,268.35	4.31	5,770.42	3.73
Balance with banks money at call and short notice	351.2	0.24	160.29	0.10
Other assets	6,671.44	4.59	8,658.67	5.59
Total current assets(A)	**13,290.99**	**9.14**	**14,589.38**	**9.42**
B. FIXED ASSETS				
Fixed assets	1,288.29	0.89	1,318.76	0.85
Investments	41,842.49	28.78	44,424.55	28.68
Advances	88,986.96	61.20	94,548.89	61.05
Total fixed assets(B)	**1,32,117.74**	**90.86**	**1,40,292.20**	**90.58**
TOTAL ASSETS(A+B)	**1,45,408.73**	**100**	**1,54,881.58**	**100**
LIABILITIES AND CAPITAL				
C. CURRENT LIABILITIES				
Other Liabilities and Provisions	2,042.72	1.40	2,656.34	1.72
Total current liabilities©	**2,042.72**	**1.40**	**2,656.34**	**1.72**
D. LONG TERM LIABILITIES				
Share holder's fund	7,404.72	5.09	8,151.49	5.26
Deposits	1,25,440.72	86.27	1,33,011.95	85.88
Barrowings	10,520.57	7.24	11,061.80	7.14
Total long term liabilities(D)	**1,43,366.01**	**98.60**	**1,52,225.24**	**98.28**
TOTAL LIABILITIES AND CAPITAL (C+D)	**1,45,408.73**	**100**	**1,54,881.58**	**100**

INTERPRETATION:

From the above table of common size balance sheet of 31 March 2017, we can analyse that in the base year 2016 the total current asset is 9.14% and it has been increased to 9.42% in the year 2017 . The fixed assets in the year 2016 was 90.86% and there is a slide decrease in the year 2017 that is 90.58 . Which shows that the Vijaya Bank has been reduces it's investment on fixed assets in small number .

By analysing the current Liabilities and long term Liabilities and capital of Vijaya Bank , we can say that the current Liabilities in the year 2016 was 1.40 and it has been increased to 1.72 in the year 2017 .which says that the bank's current obligation increased . In the year 2016 the long term Liabilities of Bank was 98.60 and it was reduced to 98.28 in the year 2017 .so there is no much difference in the long term Liabilities .

TABLE 4.11: SHOWING COMMON SIZE BALANCE SHEET -2018

COMMON SIZE BALANCE SHEET FOR THE YEAR ENDING 31 MARCH 2018				
PARTICULARS	**2017**		**2018**	
	Rs	**%**	**Rs**	**%**
A. CURRENT ASSETS				
Cash and balance with RBI	5,770.42	3.73	4,303.70	2.42
Balance with banks money at call and short notice	160.29	0.10	666.54	0.38
Other assets	8,658.67	5.59	15,683.23	8.83
Total current assets(A)	**14,589.38**	**9.42**	**20,653.47**	**11.63**
B. FIXED ASSETS				
Fixed assets	1,318.76	0.85	1,301.48	0.73
Investments	44,424.55	28.68	39,511.66	22.24
Advances	94,548.89	61.05	1,16,165.44	65.39
Total fixed assets(B)	**1,40,292.20**	**90.58**	**1,56,978.58**	**88.37**
TOTAL ASSETS(A+B)	**1,54,881.58**	**100**	**1,77,632.05**	**100**
LIABILITIES AND CAPITAL				
C. CURRENT LIABILITIES				
Other Liabilities and Provisions	2,656.34	1.72	2,417.52	1.36
Total current liabilities©	**2,656.34**	**1.72**	**2,417.52**	**1.36**
D. LONG TERM LIABILITIES				
Share holder's fund	8,151.49	5.26	10,627.20	5.98
Deposits	1,33,011.95	85.88	1,57,287.54	88.55
Barrowings	11,061.80	7.14	7,299.79	4.11
Total long term liabilities(D)	**1,52,225.24**	**98.28**	**1,75,214.53**	**98.64**
TOTAL LIABILITIES AND CAPITAL (C+D)	**1,54,881.58**	**100**	**1,77,632.05**	**100**

INTERPRETATION:

From the above common size balance sheet for the year ending 31 March 2018 of Vijaya Bank, explains that the current Assets of the bank was 9.42% in the year 2017 and it has been increased to 11.63% in the year 2018 . Compared to the base year the current Assets increased by 3%. In the year 2017 the investment on fixed assets was 90.58% and it has been reduced to 88.37% in the year 2018.

In the year 2017 the current Liabilities of the bank was 1.72% and it has been reduced to 1.36% in the year 2018 .in the year 2017 the long term Liabilities of the bank was 98.28% and it has been increased to 98.63% in the year 2018. There is a small change in this percentage .

CHAPTER -5

FINDINGS, CONCLUSION AND SUGGESTIONS

5.1 FINDINGS

1. Table 1 current ratio shows that the ratio was increasing every year.
2. From the table 2 fixed assets to net worth ratio, the percentage of ratio is increasing from the year 2014 to 2018.
3. In table 3 the proprietary ratio is also increasing and it shows upward move.
4. Return on Net Worth was fluctuated over a period. It was decreased during the year 2013-14 to 2015-16. but later on it increases in 2016-17 .in 2017-18 it was again decreased.
5. From the analysis of common size balance sheet we found that :
    - i. The share holder's fund may drastically increase over a period of time. That means the Bank has collected a fund through equity shares.
    - ii. Increasing in share holder's funds leads to increase in Bank's liability .
    - iii. The Vijaya Bank's deposits and barrowings also increases in the last 5 years.
    - iv. From the analysis of balance sheet we can find that, the cash balance with Reserve Bank of India is increased from the year 2014 to 2016. But after that the balance is decreased.
    - v. The balance with Money at Call and Short Notice is decresed by the Vijaya Bank.
    - vi. The Vijaya Bank has increasing it's investment on fixed assets over a period of time. In the year of 2014 to 2016 its is more or less similar but in the year 2017 it invested double the amount in purchase of fixed assets.
    - vii. Investment in other assets may also increased .
    - viii. The Vijaya Bank is concentrating on Branch Expansion and which may lead to employment generation.
    - ix. The Capital Adequacy of the Vijaya Bank is also increasing over the period of time.

5.2 CONCLUSION

Asset Liability Management plays very important role in planning and managing the Assets and Liabilities of Banks, against the risk exposed due to the changing environment in the banking business. Banking regulators require a minimum capital adequacy, net worth and capital deposit ratio. Thus, Banks today need to match their assets and liabilities and at the same time balancing their objectives of profitability, liquidity and risk. This attempt was to evaluate and matching asset and liability of the Vijaya Bank.

It is evident that bank performing satisfactorily in terms of credit, deposits and interest earn, other income etc., This analysis showing increasing trend from one year to another year.

This study discloses the findings and recommendations which would be beneficial For the expansion and improvement to the Bank.

5.3 SUGGESTIONS

- It is suggested that the Bank may increase the holders of current accounts to the public. These funds can be used by the Bank and increase their income without any payment of interest to the holder of the current account.
- Net income and assets total positively correlated they should maintain the same in the future.
- The Bank must make their major transaction with money, there must be increased. It is suggested that the Bank may reduce avoidable costs.
- Since the share capital is increasing . it is a good sign to the Bank and it should maintain the same. It should try to attract the more investments from the public..

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ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

ACHARYA

NAME OF THE STUDENT: PRAJWALA N M

INTERNAL GUIDE: Prof. Sandhya S

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COMPANY NAME: Vijaya Bank, Nitte, Udupi

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3rd Jan 2019 – 9th Jan 2019	Industry Profile and Company Profile		4/3/19
10th Jan 2019 – 17th Jan 2019	Preparation of Research instrument for data collection		4/3/19
18th Jan 2019 – 25th Jan 2019	Data collection		4/3/19
26th Jan 2019 – 2nd Feb 2019	Analysis and finalization of report		4/3/19
3rd Feb 2019 – 9th Feb 2019	Findings and Suggestions		4/3/19
10th Feb 2019 – 16th Feb 2019	Conclusion and Final Report		4/3/19

Company Seal

कृते विजया बैंक / For VIJAYA BANK
शाखा प्रबंधक / Branch Manager
निट्टे / NITTE

College Seal

HOD Signature

4/4

Head of the Department
Department of MBA
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