

BANKING SECTOR PERFORMANCE DURING THE COVID-19 CRISIS

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Abstract

The COVID-19 pandemic unfavorably affected different modern areas of India as well as different nations across globe. In India, sway is coming about to a negative development rate in economy. Numerous areas were performing great before the pandemic yet presently they have been pulled somewhere around this pandemic. In this way, it is especially expected to break down and provide food the information about those areas which are seriously affected by pandemic, these areas assume fundamental part in Indian economy. One of the main area of Indian economy is banking area which is answerable for every one of the monetary exercises happening in the nation and filling in as a supporting hand to each of the ventures in term of financing, credit, exchanges, assortment and installment, etc. There are such countless reports containing various information are in open area expressing the impacts of this infection pandemic. The information isn't just in actual structure yet in addition it is dissipated in different configuration over the web. However, the information sum is huge, the serious issue is to get the fitting information as per the client needs. The information bases accessible online are as a rule routinely refreshed yet these data sets can't give deduction over the information previously put away. By utilizing deduction ability, we can bring idle and circuitous data out of the information base. In this way, ordinarily clients don't get suitable data as per the forced inquiry. This article endeavors to feature the repercussions of the Covid-19 in the exhibition of the Indian financial area by making and assessing the biggest far reaching information base called metaphysics (Covid19-IBO) to get semantic data, in continuation of similar we address not many significant exploration inquiries concerning Indian economy.

Keywords: -Large data, Indian Banking, Covid-19, Sectors, Evaluation

1. Introduction

Indian economy essentially relies upon the three areas specifically essential area, auxiliary area and tertiary area and every one of the three areas are in effect significantly upheld by banking area. Banking area is offering the monetary help to this large number of areas by dispensing advances, progresses, momentary credits, giving letter of credit, bank ensures and so on as its conventional work. Aside from it the new period of Indian Banking looks like in work like giving forex support, advanced banking, online business, telebanking, e-booth and some more. You can't envision fast developing economy without banking support. Assuming financial area get affected by any deterrent its ramifications will be borne by this large number of three areas which are mainstay of the Indian economy.

This pandemic showed up as "dark swan occasion" that needs prompt activity from government to assist with continuing monetary security through financial channel. In view of estimation about recuperation time from this worldwide pandemic different financial apparatus are calling attention to towards worldwide financial downturn of various aspects. Coronavirus has impacted the economy of India at when the development pace of the nation was at least in most recent long term. In the new past, Indian economy was attempting to get on the track by recuperating with a sluggish rate. Nonetheless, because of this pandemic the recuperation interaction is seriously affected. As in last two quarters India has confronting negative development in GDP. The Indian economy was at that point experiencing even before the Covid-19 episode, yet Covid-19 flare-up coming about it demolish more. In a new report distributed by the RBI (India's national bank) expresses that this infection has affected better organizations, associations and organizations that were performing a long time before this pandemic.

Presently, Banks need to limit the gamble and utilize the high gamble disinclined methodology to rebuild credits, provisioning awful obligations because of less gamble craving, Indian banks have previously experienced extreme misfortunes in past rebuilding endeavors. A similar report shows that 19 areas are been antagonistically affected by this pandemic coming about the pressure of dept. having esteem Rs 15.5 lakh crore which were not under the pressure before this infection flare-up.

In this manner, examination of the effect of Covid-19 from the enormous measure of conveyed information is extremely fundamental to forestall the defeat of the economy and the limit the pandemic impact. It is additionally fundamental since this study will be utilized as a touch conveyor in future assuming any of the pandemic effects like Covid-19. This paper offers the Covid19 sway on Banking philosophy (Covid19-IBO) that gives semantic data about the effect of the Covid-19 on the financial area of India.

2. Literature Review

Coronavirus pandemic antagonistic effect the Indian economy. To control the progression of the infection, GoI declared a cross country secure and different approaches to help individuals. Dev and Sengupta have broke down the monetary state of the India before the Covid-19 alongside approaches that has been announced up to this point and possible impact of the shock on a few piece of the Indian economy. Rakshit and Basistha have composed an article about financial impact of the flare-up in India by considering episode as a man-made fiasco for example human misfortune. They resolved three significant examination questions: the impact of Covid-19 on the Indian economy alongside the nitty gritty investigation of the various areas that experienced Covid-19, the impact of Covid-19 on the two-sided exchange connection among China and India, the exhibition of wellbeing framework during this pandemic. Kanitkar exhibited the financial loss of India during Covid-19 by utilizing a direct I/O model and results shows that the misfortune is around 10-30% of its GDP. The creator has additionally centered around the emanation of CO₂ from the power area and power supply, request. Demircuk-Kunt et al. have broke down the impact of the Covid-19 flare-up on the financial area by talking about the bank stock costs all around the world alongside inspect the job of monetary strategy by involving worldwide information bases for the presentation of bank stocks.

The Covid-19 information is accessible on the web in different arrangement. WHO gives multilingual Covid-19 data set that refreshes consistently and contains all the data about Covid-19. Kousha and Thelwall gave the entrance of the inclusion of academic data sets and effect markers from the time of 21.03.2020 to 18.04.2020 so that individuals can distinguish the significant new examinations rapidly from Covid-19 distributions like news, tweets, references, facebook, data sets and a lot more places. To answer really to crises like general wellbeing, we really want to share the data across different disciplines and IT frameworks. Here ontologies offer great administrations and beat the issue of interoperability. Alongside the data sets, different ontologies likewise have been created to correct the covered up and semantic data. Dutta and DeBellis have distributed the metaphysics as an information model specifically COviD-19 cosmology for case and patient data (called CODO) on the web as an information diagram that gives the data about the Covid-19 pandemic. The essential focal point of the CODO metaphysics is to portray the Covid-19 cases and Covid-19 patient information. Irresistible Disease Ontology (called IDO) is an interoperable metaphysics that contains the space data about irresistible illness where elements are connected with the clinical and biomedical parts of the infection. The expansion of the IDO and Virus Infectious Disease philosophy (VIDO) is called COVID-19 Infectious Disease Ontology (known as IDO-COVID-19) and contains the data about the Covid19 sickness and SARS-CoV-2 infection.

3. Methodology

In this research, secondary method has been used to collect the data. The total 10 banks have been selected as a part of the sample. The time period considered for this research is longitudinal. As annual reports of the selected companies for the past five years from 2017 to 2021 have been included. The respective data has been collected from moneycontrol.com for all 10 companies. The selected 10 companies are ranked top 10 in the banking industry. The reason behind collection of data from 2017 to 2021 is to find the impact of COVID-19 on the performance of the Indian Banking Industry.

3.1 Variable Overview

1. Income

The income variable indicates the sales turnover of the bank. This variable will indicate how much income bank has received in the form of interest and other sources. All the figures are in Rs. Crores.

2. Total Expenditure

This variable denotes the total expenditure, which is to be deducted from total income to find net profit. The total expenditure includes operating and other expenses.

3. Operating expenses

This variable includes all the operational expenses such as salary, rent, office stationeries and so on. These are day-to-day expenses of the banks. In addition, the nature of these expenses are semi variables, as increase and decrease in income rarely affects these expenses.

4. Net Profit

This variable is the remaining amount left after deduction of total expenditure from total income. The negative value implies net loss to the company.

5. Basic EPS

The basic EPS also known as Earnings per share of the bank. This is calculated through dividing net profit by total number of outstanding shares. The high EPS indicates better performance of the bank and vice-versa.

6. Tier 1% and 2%

The tier 1 is the core capital reserve by the bank in order to meet risk weighted assets. The risk weighted assets includes loans, bank overdraft and investments by the bank. On the other hand, Tier 1 capital includes investments of shareholders. As per RBI guidelines, each bank must require to maintain 6% in Tier 1 and 1.5% in Tier 2. The Tier 2 consists of other short term securities such as fixed deposits of customers.

7. Number of branches and number of employees

These variables denote size of the bank. As increase in these variables indicate expansion of the bank and vice-versa. The increase or decrease in such variable will also indicate the impact of COVID-19 on banks.

3.2 Data Analysis Techniques

The techniques used for analyzing the data has been categorized in two types: descriptive and analytical. In descriptive analysis, summary of descriptive statistics in excel has been used. The summary displays mean, median, Standard Deviation, Kurtosis, Skewness, Range, Minimum, Maximum, Sum and count of the overall sample.

In analytical analysis, ANOVA one-way factor has been used to identify whether there is any significance difference in the selected variable from 2017 to 2021. The variables consist of each company's data together.

4. Results

4.1 Descriptive Analysis

The descriptive analysis describes the data in the form of providing summary statistics. The summary helps in evaluating the type of distribution of the data along with average output.

Table 1: Descriptive Statistics

	<i>Income</i>	<i>Total Expenditure</i>	<i>Net Profit</i>	<i>Number of Branches</i>	<i>Number of Employees</i>
Mean	79,414	75,981	3,433	6,728	78,365
Median	56,812	59,605	1,061	4,819	65,361
Standard Deviation	72,861	69,149	8,795	5,186	62,469
Kurtosis	4	4	2	5	3
Skewness	2	2	1	2	2
Range	290,396	271,391	43,399	19,732	245,283
Minimum	18,251	16,845	(12,283)	2,682	18,758
Maximum	308,647	288,237	31,117	22,414	264,041
Sum	3,970,682	3,799,054	171,629	336,401	3,918,267

Count	50	50	50	50	50
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4.2 Analytical Analysis

4.2.1. Income

Table 2: ANOVA of Income

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
2021	10	982,837	98,284	6,789,248,069
2020	10	878,403	87,840	7,006,918,249
2019	10	768,145	76,814	5,927,310,146
2018	10	706,499	70,650	5,208,786,095
2017	10	634,799	63,480	3,121,178,603

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	7,645,335,323	4	1,911,333,831	0.34	0.85	2.58
Within Groups	252,480,970,465	45	5,610,688,233			
Total	260,126,305,788	49				

4.2.2. Total Expenditure

Table 3: ANOVA of Total Expenditure

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
2021	10	903,244	90,324	5,650,289,881
2020	10	833,706	83,371	6,030,377,363
2019	10	755,614	75,561	5,657,171,955
2018	10	713,958	71,396	5,321,633,508
2017	10	592,532	59,253	2,750,222,026

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	5,613,582,785	4	1,403,395,696	0.28	0.89	2.58
Within Groups	228,687,252,609	45	5,081,938,947			
Total	234,300,835,394	49				

4.2.3. Operating expenses

Table 4: ANOVA of Operating expenses

Anova: Single Factor

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
2021	10	236,115	23,611	492,779,121
2020	10	199,194	19,919	446,280,274
2019	10	175,303	17,530	382,050,916
2018	10	158,007	15,801	274,067,214
2017	10	131,585	13,159	162,635,792

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	636,698,123	4	159,174,531	0.45	0.77	2.58
Within Groups	15,820,319,851	45	351,562,663			
Total	16,457,017,974	49				

4.2.4. Net Profit

Table 5: ANOVA of Net Profit

Anova: Single Factor

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
2021	10	79,594	7,959	120,739,746
2020	10	44,697	4,470	87,348,188
2019	10	12,530	1,253	66,995,432
2018	10	(7,459)	(746)	67,084,770
2017	10	42,267	4,227	29,642,194

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	444,080,842	4	111,020,210	1.49	0.22	2.58

Within Groups	3,346,292,968	45	74,362,066			
Total	3,790,373,809	49				

4.2.5. Earnings per share (EPS)

Table 6: ANOVA of EPS

Anova: Single Factor

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
2021	10	141.97	14.20	423.06
2020	10	50.52	5.05	446.96
2019	10	39.39	3.94	938.83
2018	10	(81.70)	(8.17)	1,531.23
2017	10	162.15	16.22	340.49

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	3,772	4	942.92	1.28	0.29	2.58
Within Groups	33,125	45	736.11			
Total	36,897	49				

4.2.6. Tier 1%

Table 7: ANOVA of Tier 1%

Anova: Single Factor

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
2021	10	133.79	13.38	8.22
2020	10	121.61	12.16	6.64
2019	10	110.00	11.00	9.56
2018	10	104.08	10.41	8.46
2017	10	106.82	10.68	4.23

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	60.76	4	15.19	2.05	0.10	2.58
Within Groups	334.00	45	7.42			

Total	394.76	49				
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4.2.7. Tier 2%

Table 8: ANOVA of Tier 2%

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
2021	10	23.37	2.34	0.65
2020	10	21.89	2.19	0.56
2019	10	21.00	2.10	0.32
2018	10	23.46	2.35	0.67
2017	10	25.77	2.58	0.34

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.32	4	0.33	0.65	0.63	2.58
Within Groups	22.89	45	0.51			
Total	24.21	49				

4.2.8. Number of branches

Table 9: ANOVA of Number of Branches

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
2021	10	80,727	8,073	29,738,636
2020	10	69,814	6,981	31,753,591
2019	10	64,383	6,438	31,129,711
2018	10	63,789	6,379	32,999,775
2017	10	57,688	5,769	17,470,318

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	29,982,912	4	7,495,728	0.26	0.90	2.58
Within Groups	1,287,828,285	45	28,618,406			
Total	1,317,811,197	49				

4.2.9. Number of Employees

Table 10: ANOVA of Number of employees

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
2021	10	910,291	91,029	3,862,567,928
2020	10	815,077	81,508	4,510,413,388
2019	10	758,110	75,811	4,675,347,734
2018	10	751,121	75,112	4,924,736,295
2017	10	683,668	68,367	2,954,178,380

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	2,873,242,692	4	718,310,673	0.17	0.95	2.58
Within Groups	188,345,193,530	45	4,185,448,745			
Total	191,218,436,221	49				

5. Conclusion

Based on above analysis, it can be concluded that there is no impact of COVID-19 on the performance of Indian Banking industry. This statement can be evident with the fact that value of P in the case of each variable are higher than 0.05. This signifies that Null hypothesis has been accepted, and there is no significance difference between each variable. The ANOVA uses mean average value for each year and compares to find any difference at 95% significant level. All the variables are outside the range of level of significance, hence it can be commented that Indian Banking industry has not impacted by COVID-19.

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