



VIDHYAYANA

ISSN 2454-8596

www.vidhyayanaejournal.org

An International Multidisciplinary Research E-Journal

**A Study Of The Fund Based And Non-Fund Based Income With Reference To Selected Public Sector
Banks And Private Sector Banks In India**



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VIDHYAYANA

An International Multidisciplinary Research E-Journal

ISSN 2454-8596

www.vidhyayanaejournal.org

ABSTRACT

Bank is play most important role of Indian economy. In India economy structured is dependend to bank income. Bank two types income :-fund based income and Non-fund based income. So This study consider fund base income and Non-fund based income of selected public sector banks and private sector banks. The data has been taken for annual report of selected public sector banks and private sector banks. In the research special reference has been made to fund based income and Non-fund based income of public sector bank and private sector banks. The public sector banks source of the data has been PNB bank and CANARA bank has been studied for the period 2009-2018. And the private sector banks source of the data has been Axis bank and INDUSLAND bank has been studied for the period 2009-2018 The result show that the public sector banks fund based income in PNB bank performance is good and non-fund based income in CANARA bank performance is good. When private sector banks in fund based income and non- fund based income in AXIS bank performance is good.

KEYWORDS

Fund based income, Non-fund based income, Average, Anova

INTRODUCTION

Banks can differ markedly in their sources of income. Some focus on business lending, some on household lending and some on fee-earning activities. Fund based income means those income which are generating from certain activities which are ancillary to this business of accepting deposits or lending. And Components of this income, like, Interest Income, Income on Investment, Interest on Balance with Reserve Bank of India and other Inter-Bank fund., Other income and Non-fund based income is such income which are deriving from non-fund facilities provided by the banks. And Components of this income, like, Commission, Exchange and brokerage income, Profit on sale of Fixed Asset, Profit on sale of Investment, Profit on Exchange Transactions, Dividned income, Miscellaneous income. Fund based income and Non fund based income is importanat part of baks.

REVIEW OF LITERATURE

Dr. Kamal nayan (1985), “Commercial banks in India performance evaluation.” The researcher has main objective of the study is to evaluate the performance of commercial banks in the nationalised sector with a view to evolving should criteria for performance appraisal at the bank



level's well as at the branch level. The study has been divided into seven chapter . Chapter - I was explain research problem and methodology. Chapter - II & III was explain review of literature available on bank management and performance appraisal and the various concepts of performance evaluation and analysis. The existing performance budgeting practices of the banks under study. The analysis of data collected from both primary and secondary sources are presented. Chapter - IV & V was explanation about the evaluation or bank-level and branch-level performance in terms of a number of operational variables such as branch expansion, deposits, advances, lending, recovery, cost and profitability and analusus uses the techniques of inter firm comparison. Chapter - VI an integrated performance evaluation model has been developed after proper identification of the basic parameters of performance and Chapter - VII provides the conclusion. This study to conclude that top managers must be change seekers. Their leadership role is to provide a claimate for rapiol important towards excellence the success their business achieves in the future will be in geometric proportion to their understanding of, planning for, dedication to, personal involent in, and self-motivation towards the implementation of purposeful changes.

Elijah Brewer(1989), "Relationship between bank holding company risk and non bank activity". The researcher has explained this research paper that authorized banking organizations to get bigger into other lines of business will reduce their total risk through diversification. This reserch paper, collected data to stock market data, consider the proposal that diversification into non-bank activities decreases bank holding company risk. This research study researcher find that expansion into non-bank activities during the 1978–1986 period substantially decreased bank holding companies' risk. The researcher has suggests that limiting further expansion of non-bank activities of bank holding companies would reduce their ability to engage in risk reducing diversification.

Irum saba, Rehana Kouser & Muhammad Azeem(2012) "Determinants of non-performing loan case of US Banking sector."The researchers have explined this study that Non Performing Loan Rate is the most important issue for banks to survive. There are lots of factors responsible for this ratio. Some of them belong to firm level issues and some are from macroeconomic measures. However this study is based on the blend. It considers the Real GDP per Capita, Inflation, and Total Loans as independent variables, and Non Performing Loan Ratio as dependent variable. Study uses the data of US banking sector from official web sources of US Federal Reserve System. Years from 1985 to 2010 constitute the study period. Employing correlation and regression tests show that research model used is of good statistical health. All the selected independent variables have significant impact on the



VIDHYAYANA

ISSN 2454-8596

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depended variable, however, values of coefficients are not much high. Banks should control and amend their credit advancement policy with respect to mentioned variables to have lower non-performing loan ratio.

Prabha.Ga,Prof.K.Ravichandran,P.Gopinathar(2016)“Non-interest income in Indian banking sector”. The researchers have explained this article theory of non-interest income in banking sector.these study was a descriptive study and explained two tables. The table-1 is a bank’s non-interest income to total income for india and sources of taken from world bank report. It is shows that banks income has been generated by non-interest related activities as per total income. And table-2 is a non-interest income as percentage of total assets and sources of taken from report on trend and progress of banking in India, various issues,RBI. It is show that the ratio was highest during the years 2001-02 to 2003-04 for all bank groups except foreign banks. The ratio shows increase in the year 2007-08 as compared to the previous years. The reseacon for such improvement is that banks are focusing more on non-interest income as compared to interest income. The conclude of these study that the non-interest income as a supportive caushion for the banks and help them to deal with current situation and face the global challange more confidently.

Hardeep s.(2019),”Income streams for banks and bank performance”. The researcher was explained this research paper that the impect of income streams such as fund income and non fund income of a bank on bank’s performance. The researcher was selected 74 banks of public,private and foreign banks. This research study period is 10 year 2005 to 2014 and the data was collected from CMIE proweess.Bank is two income fund income and non-fund income and bank performance is measured in terms of return on equity(ROE) by controlling return on assets(ROA). The reserach research this research paper that what is the relationship of fund income and non-fund income and used stastical techniques is multiple regressions over the period this study. The result of this study that the focuse in today’s era of compation income streams of bank are changing and fund income and non-fund income moderately positively correlated with return on equity.

IMPORATNCE OF THE STUDY

1. The knowledge regarding non-fund based income will be improved.
2. Through this research study society will able to know the real situation of non- fund. based income of the banks.
3. Customer will be able to take proper decision regarding the selection of Services of the banks.



4. Society will be able to know the various types of non-banking facilities and services.
5. Banking industry may be able to know the financial efficiency with the Help of fund based & non-fund based income.
6. Banking industry will try to improve their fund based & non-fund based income Through this research work.

OBJECTIVE

1. To study of fund based & non-fund based income of the selected banks.
2. To judge the future growth of fund based & non-fund based income.
3. To examine the contribution of fund based & non-fund based income in the financial Efficiency an Pattern of services of the selected banks.
4. To examine the supportive role of fund & non-fund based income in the Total income of the Selected banks.
5. To examine non-banking activity of banking sector in India.

HYPOTHESES

The hypotheses developed and tested are as follows.

1. H0 : There is no significant difference in Fund based and Non-fund Based Income of Public Sector Banks.
2. H1 : There is significant difference in Fund based and Non-fund Based Income of Public Sector Banks.
3. H0 : There is no significant difference in Fund based and Non-fund Based Income of Private Sector Banks.
4. H1 : There is significant difference in Fund based and Non-fund Based Income of Private Sector Banks.

RESEARCH METHODOLOGY

This research study is mainly based on secondary data. The secondary data shall be collected from the records, documents, related subject matter and related websites. This research study is restricted with the reference to selected banks, which are providing services in India. So, I have selected 2 public sector banks and 2 private sector banks. The data regarding selected banks have been obtained and



collected from the annual report of the banks and related websites. This research period is 10 years, starting from year 2009 to 2018. This study used statistical techniques is single factor ANOVA.

ANALYSIS OF DATA

The analysis and tabulation of average of fund based income and Non-fund based income of public sector banks were as under:

TABLE: 1 THE TABULATION OF AVERAGE OF FUND BASED INCOME OF PUBLIC SECTOR BANKS

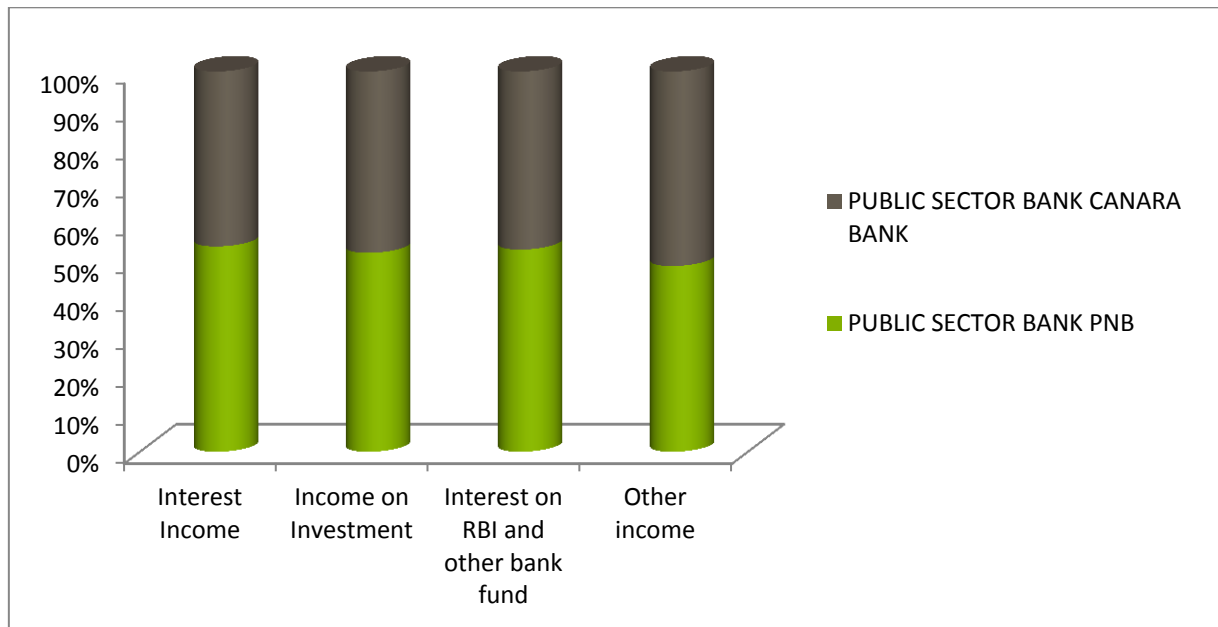
(In Rs. 1 crore)

PARTICULAR	PUBLIC SECTOR BANK	
	PNB	CANARA BANK
Interest Income	28439.87	24222.13
Income on Investment	9226.16	8409
Interest on RBI and other bank fund	610.89	538
Other income	183.51	192.12
TOTAL	38460.43	33361.25

(Source: Annual Report of selected sample for the year 2009 to 2018)

Here above table :1 show that PNB bank fund income, is more than CANARA bank. So PNB bank performance is good CANARA bank for a fund based income. The above table explanation given as under charts 1.

FIGURE: 1 THE FIGURE OF AVERAGE FUND BASED INCOME OF SELECTED PUBLIC SECTOR BANK



(Source: Annual Report of selected sample for the year 2009 to 2018)

The above figure no. 1. show average of fund based income in public sector banks. It show fund based income in the year 2009 to 2018. In PNB bank fund based Income was 38460.43 and CANARA bank fund based income was 33361.25 in the year 2009 to 2018 respectively. It show increasing of fund based income of PNB bank compare to CANARA bank fund based Income. It shows that the performance of PNB bank good compare to CANARA bank .So PNB bank performance is good for fund based income..

Let us apply the ANOVA test on above statistical data which is converted in the form of average for getting appropriate results:-

➤ **HYPOTHESES TESTING ANOVA - SINGLE FACTORE**

H_0 : There is no significant difference between fund based income in selected sample of public sector banks.

H_1 : There is significance difference between fund based income in selected sample of public sector banks.



TABLE: 2. ANOVA TABLE

Source of Variation	SS	df	MS	F	F crit
Between Groups	10400654.67	1	10400654.7	0.04	5.31
Within Groups	2070539849	8	258817481		
Total	2080940503	9			

(Source: Annual Report of selected sample for the year 2009 to 2018)

Above table show the result of ANOVA test. Consider the ANOVA testing is identifying that the calculated value is 0.04 and table value at 5% level of significant is 5.31. Hence the table value is more than the calculated value of F- ratio. So the null hypothesis accepted and at the same time alternative hypothesis rejected.

Here, researcher can conclude that there is no significant difference between average of fund based income in selected sample of public sector banks.

TABLE: 3 THE TABULATION OF AVERAGE OF NON-FUND BASED INCOME OF PUBLIC SECTOR BANKS

(In Rs. 1 crore)

PARTICULAR	PUBLIC SECTOR BANK	
	PNB	CANARA BANK
Commission,exchange and brokerage income	2403.51	798.79
profit on sale of investment(net)	1122.29	941.88
profit on sale of fixed asset(net)	3.18	0.6
profit on exchange transaction(net)	32571.3	49148.5

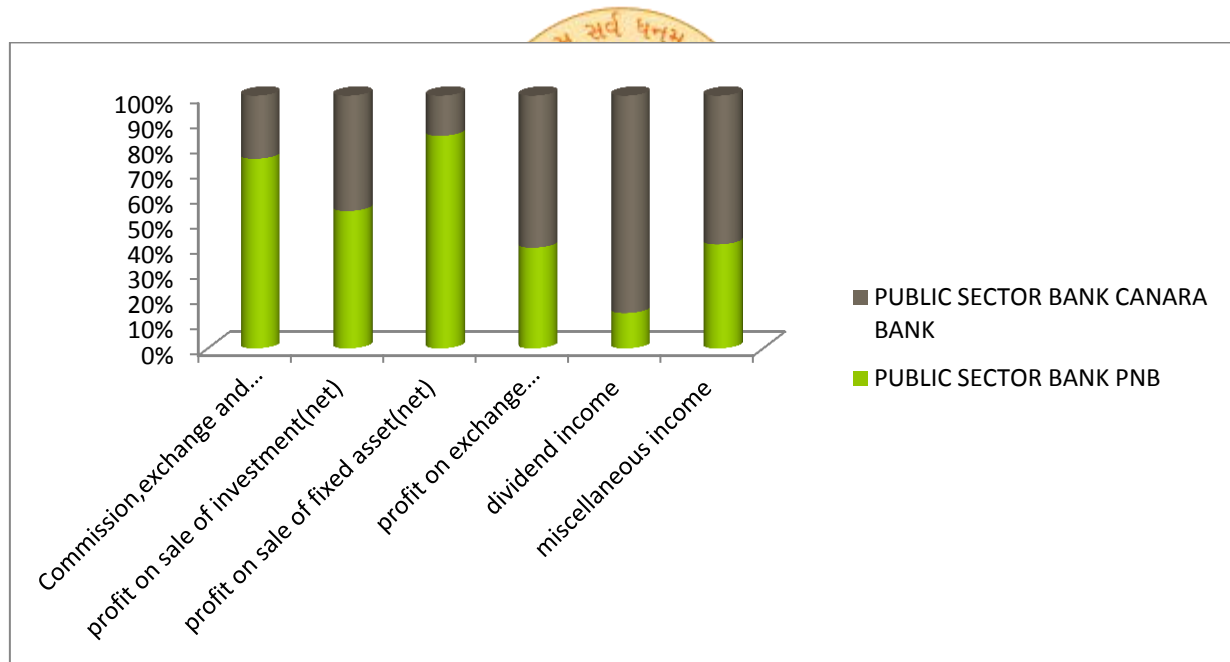


dividend income	13.44	82.78
miscellaneous income	1199.96	1716.32
total	37313.68	52688.87

(Source: Annual Report of selected sample for the year 2009 to 2018)

Here above table :3 show that CANARA bank non-fund based income, is more than PNB bank. So CANARA bank performance is good PNB bank for a non-fund based income. The above table explanation given as under charts 3.

FIGURE: 3 THE FIGURE OF AVERAGE NON- FUND BASED INCOME OF SELECTED PUBLIC SECTOR BANK



(Source: Annual Report of selected sample for the year 2009 to 2018)

The above figure no. 3. show non-fund based income in public sector banks. It show non-fund based income in the year 2009 to 2018. In CANARA bank non-fund based Income was 52688.87 and PNB bank non-fund based income was 37313.68 in the year 2009 to 2018 respectively. It show increasing of non-fund based income of CANARA bank compare to PNB bank non-fund based Income. It shows that the



performance of PNB bank not good compare to CANARA bank .So CANARA bank performance is good for non-fund based income..

Let us apply the ANOVA test on above statistical data which is converted in the form of average for getting appropriate results:-

➤ HYPOTHESES TESTING ANOVA - SINGLE FACTORE

H₀ : There is no significant difference between non- fund based income in selected sample of public sector banks.

H₁ : There is significance difference between non-fund based income in selected sample of public sector banks.

TABLE: 4. ANOVA TABLE

Source of Variation	SS	Df	MS	F	F crit
Between Groups	19699705.63	1	19699705.63	0.07	4.94
Within Groups	2794680980	10	279468098		
Total	2814380686	11			

(Source: Annual Report of selected sample for the year 2009 to 2018)

Above table show the result of ANOVA test. Consider the ANOVA testing is identifying that the calculated value is 0.07 and table value at 5% level of significant is 4.94 Hence the table value is more than the calculated value of F- ratio. So the null hypothesis accepted and at the same time alternative hypothesis rejected.

Here, researcher can conclude that there is no significant difference between average of fund based income in selected sample of public sector banks.



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ISSN 2454-8596

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The analysis and tabulation of average of fund based income and Non-fund based income of private sector banks were as under:

TABLE: 5 THE TABULATION OF AVERAGE OF FUND BASED INCOME OF PRIVATE SECTOR BANKS

(In Rs. 1 crore)

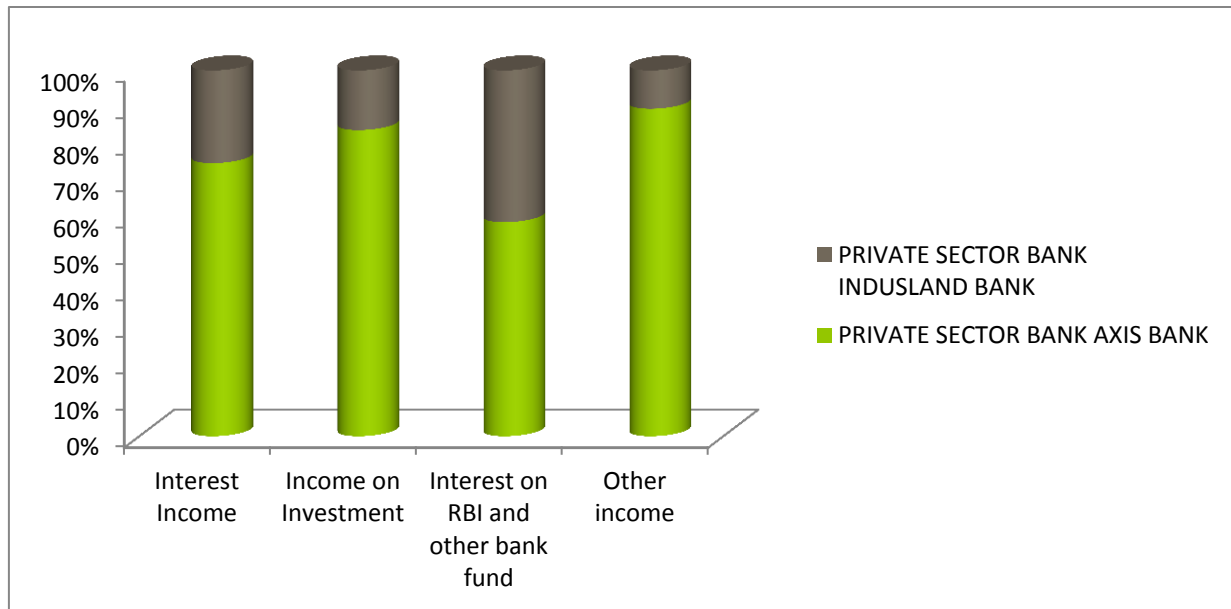
PARTICULAR	PRIVATE SECTOR BANK	
	AXIS BANK	INDUSLAND BANK
Interest Income	19266.18	6533.56
Income on Investment	7156.87	1393.17
Interest on RBI and other bank fund	231.145	163.8
Other income	492.744	57.61
TOTAL	27146.939	8148.14

(Source: Annual Report of selected sample for the year 2009 to 2018)

Here above table :5 show that AXIS bank fund income was, is more than INDUSLAND bank fund based income..So AXIS bank performance is good INDUSLAND bank for a fund based income.The above table explanation given as under charts 5.

FIGURE: 5 THE FIGURE OF AVERAGE FUND BASED INCOME OF SELECTED PRIVATE

SECTOR BANK



(Source: Annual Report of selected sample for the year 2009 to 2018)

The above figure no. 5. show average of fund based income in private sector banks. It show fund based income in the year 2009 to 2018. In AXIS bank fund based Income was 27146.93 and INDUSLAND bank fund based income was 8148.14 in the year 2009 to 2018 respectively. It show increasing of fund based income of AXIS bank compare to INDUSLAND bank fund based Income. It shows that the performance of AXIS bank good compare to INDUSLAND bank .So AXIS bank performance is good for fund based income..

Let us apply the ANOVA test on above statistical data which is converted in the form of average for getting appropriate results:-

➤ HYPOTHESES TESTING ANOVA - SINGLE FACTORE

H_0 : There is no significant difference between fund based income in selected sample of private sector banks.



H_1 : There is significance difference between fund based income in selected sample of private sector banks.

TABLE: 6. ANOVA TABLE

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>F crit</i>
Between Groups	79789889.17	1	79789889	0.91	5.99
Within Groups	526273985.1	6	87712331		
Total	606063874.3	7			

(Source: Annual Report of selected sample for the year 2009 to 2018)

Above table show the result of ANOVA test. Consider the ANOVA testing is identifying that the calculated value is 0.91 and table value at 5% level of significant is 5.99. Hence the table value is more than the calculated value of F- ratio. So the null hypothesis accepted and at the same time alternative hypothesis rejected.

Here, researcher can conclude that there is no significant difference between average of fund based income in selected sample of private sector banks.

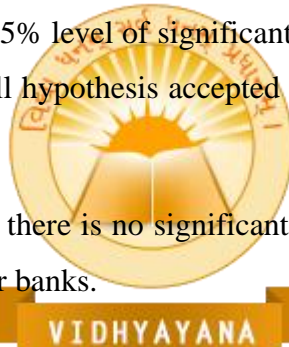


TABLE: 7 THE TABULATION OF AVERAGE OF NON-FUND BASED INCOME OF PRIVATE SECTOR BANKS

(In Rs. 1 crore)

PARTICULAR	PRIVATE SECTOR BANK	
	AXIS BANK	INDUSLAND BANK
Commission,exchange and brokerage income	5109.59	1307.81
profit on sale of investment(net)	657.56	135.06

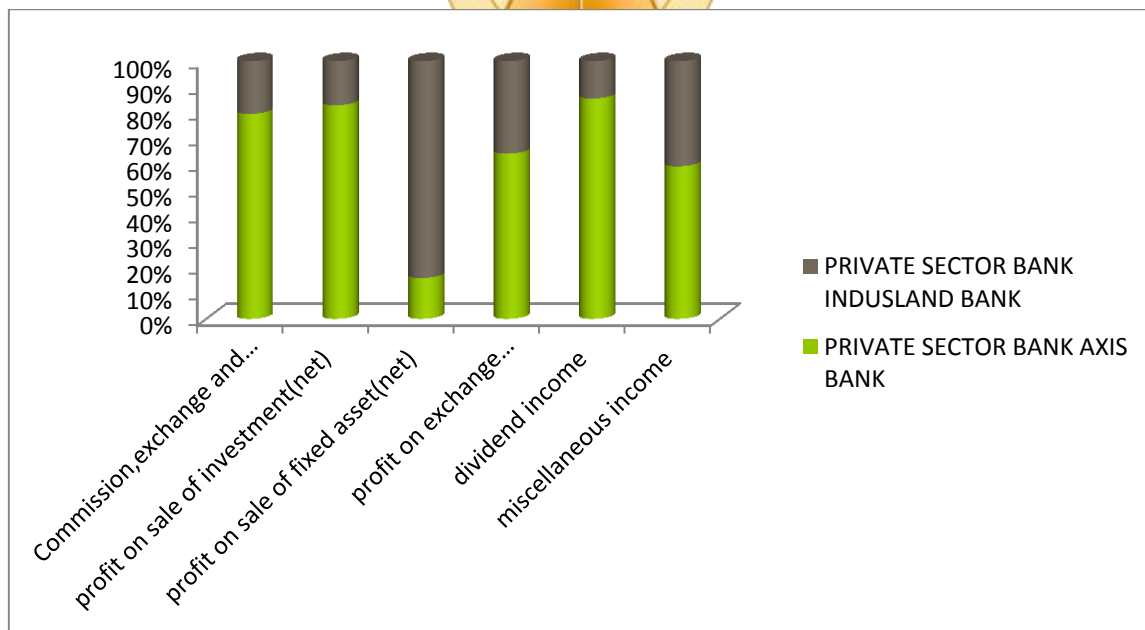


profit on sale of fixed asset(net)	7.48	39.69
profit on exchange transaction(net)	863.24	481.87
dividend income	32.84	5.53
miscellaneous income	234.24	161.15
Total	6904.95	2131.11

(Source: Annual Report of selected sample for the year 2009 to 2018)

Here above table :7 show that AXIS bank non-fund based income, is more than INDUSLAND bank. So AXIS bank performance is good INDUSLAND bank for a non-fund based income. The above table explanation given as under charts 7.

FIGURE: 7 THE FIGURE OF AVERAGE NON- FUND BASED INCOME OF SELECTED PRIVATE SECTOR BANK



(Source: Annual Report of selected sample for the year 2009 to 2018)

The above figure no. 7. show non-fund based income in private sector banks. It show non-fund based



income in the year 2009 to 2018. In AXIS bank non-fund based Income was 6904.95 and INDUSLAND bank non-fund based income was 2131.11 in the year 2009 to 2018 respectively. It shows increasing of non-fund based income of AXIS bank compare to INDUSLAND bank non-fund based Income. It shows that the performance of INDUSLAND bank not good compare to AXIS bank. So AXIS bank performance is good for non-fund based income..

Let us apply the ANOVA test on above statistical data which is converted in the form of average for getting appropriate results:-

➤ HYPOTHESES TESTING ANOVA - SINGLE FACTORE

H₀ : There is no significant difference between non- fund based income in selected sample of private sector banks.

H₁ : There is significance difference between non-fund based income in selected sample of private sector banks.

TABLE: 8. ANOVA TABLE

Source of Variation	SS	df	MS	F	F crit
Between Groups	2751280.568	1	2751281	0.70	5.0
Within Groups	39660895.26	10	3966090		
Total	42412175.82	11			

(Source: Annual Report of selected sample for the year 2009 to 2018)

Above table show the result of ANOVA test. Consider the ANOVA testing is identifying that the calculated value is 0.70 and table value at 5% level of significant is 5.0 Hence the table value is more than the calculated value of F- ratio. So the null hypothesis accepted and at the same time alternative hypothesis rejected.



Here, researcher can conclude that there is no significant difference between average of fund based income in selected sample of public sector banks.

FINDING

1. In the public sector banks, for the study period calculated value average of fund based income was low as compared to table value. So there is no significant difference in average of fund based income of public sector banks.
2. In the public sector banks, for the study period calculated value average of fund based income was low as compared to table value. So there is no significant difference in average of fund based income of public sector banks.
3. In the private sector banks, for the study period calculated value average of fund based income was low as compared to table value. So there is no significant difference in average of fund based income of private sector banks.
4. In the private sector banks, for the study period calculated value average of non- fund based income was low as compared to table value. So there is no significant difference in average of non-fund based income of private sector banks.

LIMITATION

Some limitations for present research work are as under.

1. This research study based on secondary data collected from annual reports of various banks and related websites. The limitation of the secondary data and its findings depend entirely on the accuracy of such data.
2. The data, which is used for his study is based on annual report of the bank and secondary data collected from published reports from time to time. Therefore the quality of this research depends on quality and reliability of data published in annual reports.
3. He study is limited to seven years (2009 to 2018) only.
4. In this research only selected public sector banks are covered. Cooperative banks and foreign banks are working in India could not covered. So, it is very difficult to come proper conclusion regarding whole banking sector.

CONCLUSION



VIDHYAYANA

ISSN 2454-8596

www.vidhyayanaejournal.org

An International Multidisciplinary Research E-Journal

The banking activity is most important in public as well as industry. Bank play most important role in Indian economy. Public sector banks in PNB bank performance is good fund based activity and interest policy but Non –fund based activity performance not good. So PNB bank try to improve non-fund based activity performance than increasing non-fund based income. When CANARA bank Non-fund based performance is good but try to improve interest policy of bank. When the private sector banks in AXIS bank performance is good fund based income as well as non-fund based income. So INDUSLAND bank try to improve performance of fund based activity and non-fund based activity.

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