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**A STUDY ON FINANCIAL PERFORMANCE OF NSDL
PAYMENTS BANK THROUGH COMPARATIVE
STATEMENTS**

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ABSTRACT

This research paper mainly focuses on the current performance of NSDL Payments Bank in India. A new category of Bank into the Indian Financial System namely Payments Bank was introduced in 2014 by the Reserve Bank of India. NSDL Payments Bank started its business in October 2018 to support the Initiative of providing simplified banking services to every Indian. It is an Indian Non-Government Company. It is also a Company limited by Share in Indian Economy. This paper also contains the role of NSDL Payments Bank.

Keywords: Payments Bank, NSDL, NSDL Payments Bank, Reserve Bank of India, Financial Inclusion.

Introduction:

Payments Banks in India set up under the Companies Act, 2013 and the Banking Regulation Act, 1949. NSDL Payments Bank acts as a Public Limited Company. It is a step ahead by NSDL which is the first and largest depository in India. NSDL Payments Bank Limited is the subsidiary Company of NSDL. NSDL Payments Bank started its business in October 2018 to support the Initiative of providing simplified banking services to every Indian. It provides efficient banking services to its customers. NSDL Payments Bank offers Savings Account, Current Account, Linked Trading Account, Prepaid Card, Mutual Fund and many other services to its customers. The Registered office of NSDL Payments Bank is located at Mumbai. Mr. Abhijit Kamalapurkar is the Managing Director and Chief Executive Officer of NSDL Payments Bank. NSDL Payments Bank has large area networks to provide its valuable banking services to its customers.

In Now a day, NSDL Payments Bank assures best in class Digital Banking experience through its App. NSDL Jiffy which is accessible to everyone from anywhere. Thus, NSDL Payments Bank plays significant role in the Indian Banking Sector.

Review of Literature:

Dr.V. Ramesh Naik, Firdous and P. Harika (2018) have observed that the Payments Banks play an significant role in implementing government's direct benefits, transfer schemes, where subsidies on health care , education and gas are paid directly to beneficiaries accounts.



Dr. J.C. Pande, (2015) has observed that Payments Banks will face competition from the existing lenders and profitability will also remain a challenge as they will be working on narrow margins.

Anusha Goel (2015) has observed that the Payments Bank model is potentially an important innovation. Payments Banks will help to increase the scale and efficiency of the financial inclusion process. Information Technology is going to be key for service quality and efficiency of Payments Banks.

Objectives of the Study:

1. To study products and services offered by NSDL Payments Bank
2. To analyse the comparative statements of NSDL Payments Bank with a view to knowing the performance of NSDL Payments Bank for F.Y. 2021-22 and F.Y. 2022-23.
3. To provide necessary suggestions.

Research Methodology:

This research is descriptive analysis. Secondary Data is used for this research. Useful Secondary Data is collected from Annual Reports of the NSDL Payments Bank, journals, magazines, websites and newspapers etc. Comparative Statements tool is used for analysis with a view to be knowing the performance of NSDL Payments Bank.

Services offered by NSDL Payments Bank:

NSDL Payments Bank offers the following products and services to its customers:

Deposits: NSDL Payments Bank provides facilities to open Savings and Current Account. It offers Jiffy advantage Savings Account which is a 100% Digital Zero Balance Savings Account comes with a host of features and benefits. Customers can enjoy instant fund transfers, utility bill payments and much more by using this account. NSDL Payments Bank also offers a Jiffy Current Account that serves as a solution for all the customer's business banking needs. Jiffy Current Account comes with free corporate internet banking portal which allows the customers to manage their funds, make online payments, money transfer and much more 24 × 7.



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Domestic Money Transfer: NSDL Payments Bank has come up with Domestic Money Transfer (DMT) facility which is an assisted service to facilitate money transfer needs of unbanked, underbanked and migrant people in the country. The customers can send money instantly to any IMPS/NEFT supported bank account in India by using this service. The receiver can get money credited into the bank account within seconds. This service is available 24 × 7 across the year, during non-banking hours and on banking holidays as well.

Mutual Funds: NSDL Payments Bank provides facility to invest money in Mutual Fund. Mutual Fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with the objectives as disclosed in the offer document. NSDL Payments Bank offers a chance to invest money in various types of Mutual Fund like Equity Funds, Income/Debt Fund, Liquid/Money Market Fund and Balance/Hybrid Fund.

Linked Trading Account: NSDL Payments Bank offers the opportunity to its customers to have a Linked Trading Account. It solves all the customer's trading hassles by providing him/her with a one-view for all his/her trading and investments. So, the customer never has to worry about whether his/her surplus funds are transferred back from his/her trading account to his/her bank account or if there is a shortage of funds when he/she wants to trade. It also allows him/her to transfer money from saving bank account to trading account by the most secure manner instantly.

Prepaid Card: NSDL Payments Bank offers Prepaid Cards to its customers with a choice of RuPay or Visa Cards to suit payment needs of individual and corporate. These Cards give freedom from cash payments and can be used at POS, E-com and ATMs across India. The customer must not open an account to use these cards. They have not to pay any issuance fee for these cards. These cards are acceptable at most merchants' outlets.

Other Services: NSDL Payments Bank also offers many other valuable services to its customers.

Data Analysis:

In this research paper Comparative Statements tool is used for analysis. Financial Statements of NSDL Payments Bank for F.Y. 2021-22 and F.Y. 2022-23 are collected with a view to comparison. Comparative Statements are as given below:



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Comparative Profit & Loss Statements for the Year Ending on 31-3-2022 and 31-3-2023 [Rs. in 000's]

Particulars	Note No. (Schedule)	31-3-2022 (Rs.)	31-3-2023 (Rs.)	Increase / Decrease (Rs.)	Increase / Decrease (%)
Income:					
(I) Interest Earned	13	71,465	88,610	17,145	23.99
(II) Other Income	14	29,28,096	53,23,441	23,95,345	81.81
(III) Total Income (Revenue) [I + II]		29,99,561	54,12,051	24,12,490	80.43
Expenditure:					
(IV) Interest Expended	15	2,876	3,695	819	28.48
(V) Operating Expenses	16	29,24,797	53,15,006	23,90,209	81.72
(VI) Provisions & Contingencies	17	1,46,857	12,401	-1,34,456	-91.56
(VII) Total Expenditure [IV + V + VI]		30,74,530	53,31,102	22,56,572	73.40
(VIII) Net Profit / Loss [III – VII]		-74,969	80,949	1,55,918	207.98



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Comparative Balance sheet Statements as on 31-3-2022 and 31-3-2023 [Rs. in 000's]

Particulars	Note No. (Schedule)	31-3-2022 (Rs.)	31-3-2023 (Rs.)	Increase / Decrease (Rs.)	Increase / Decrease (%)
(I) Capital & Liabilities:					
(1) Capital	1	18,00,000	18,00,000	0	0
(2) Employee Stock options outstanding		-	1,297	1,297	100
(3) Reserves & Surplus	2	-4,41,525	-3,60,576	80,949	18.33
(4) Deposits	3	1,30,149	2,17,280	87,131	66.95
(5) Borrowings	4	-	-	-	-
(6) Other Liabilities & Provisions	5	10,12,507	22,61,164	12,48,657	123.32
Total		25,01,131	39,19,165	14,18,034	56.70
(II) Assets:					
(1) Cash and Balances with RBI	6	10,12,282	15,45,761	5,33,479	52.70
(2) Balances with Banks & Money at call & short notice	7	4,84,443	4,31,990	-52,453	-10.83
(3) Investments	8	7,26,452	14,41,471	7,15,019	98.43
(4) Advances	9	-	-	-	-



(5) Fixed Assets	10	1,15,427	1,30,237	14,810	12.83
(6) Other Assets	11	1,62,527	3,69,706	2,07,179	127.47
Total		25,01,131	39,19,165	14,18,034	56.70

Findings and Suggestions:

(A) According to Comparative Profit & Loss Statements:

- (1) Interest Earned in the year 2022 was Rs. 71,465 thousand and in the year 2023 it is Rs. 88,610 thousand. It means Interest Earned is increased by Rs. 17,145 thousand and in the form of percentage Interest Earned is increased by 23.99 % as compared to year 2022. This is a good indication for NSDL Payments Bank. It indicates that the profitability of NSDL Payments Bank is increasing.
- (2) Other Income in the year 2022 was Rs. 29,28,096 thousand and in the year 2023 it is Rs. 53,23,441 thousand. It means Other Income is increased by Rs. 23,95,345 thousand and in the form of percentage Other Income is increased by 81.81 % as compared to year 2022. This is also a good indication for NSDL Payments Bank. It indicates that the profitability of NSDL Payments Bank is increasing.
- (3) Revenue of NSDL Payments Bank has increased by Rs. 24,12,490 thousand and in the form of percentage It is increased by 80.43 % as compared to year 2022. This is always a good indication for NSDL Payments Bank. It shows that the profitability of NSDL Payments Bank is increasing now a days.
- (4) Total Expenditures have increased by 73.40 % as compared to year 2022, while Revenue has increased by 80.43 % as compared to year 2022. Thus, the profitability status of NSDL Payments Bank is very good in the year 2023.
- (5) Loss of NSDL Payments Bank was Rs. 74,969 thousand in the year 2022, while Profit of NSDL Payments Bank is Rs. 80,949 thousand in the year 2023. Thus, NSDL Payments Bank became profitable in the current year.



(B) According to Comparative Balance sheet Statements:

- (1) Capital is same as compared to the previous year 2022, while Reserves & Surplus is increased by 100 % as compared to year 2022. These are good signs for NSDL Payments Bank.
- (2) Deposits are increased by 66.95 % and Other Liabilities & Provisions are increased by 123.32 % as compared to year 2022. These are also good signs for NSDL Payments Bank.
- (3) Cash and Balances with RBI is increased by 52.70 %, while Balances with Banks & Money at call & short notice is decreased by 10.83 % as compared to year 2022. Thus, liquidity of NSDL Payments Bank is very good in the year 2023.
- (4) Investments are increased by 98.43 %, Fixed Assets are increased by 12.83 % and Other Assets are increased by 127.47 % as compared to year 2022. Thus, the overall position of NSDL Payments Bank is good in year 2023.

The trend of all the components of comparative profit / loss statement and balance sheet is increasing for the year 2023 as compared to year 2022. The overall profitability and solvency status of NSDL Payments Bank is very good for the year 2023. Though NSDL Payments Bank should increase the size of rural banking infrastructure. NSDL Payments Bank needs to more focus on new ways of income generation and should run more financial literacy awareness programmes in India for better result in future.

Conclusion:

NSDL Payments Bank was launched with the vision of fostering financial inclusion and building an inclusive society. In Indian Economy, Banking Industries play major role, while NSDL Payments Bank plays significant role in Indian Banking Sector. Now a days, the Banking Services of NSDL Payments Bank are available at many states of India. Overall performance is good of NSDL Payments Bank for the Financial Year 2022-23. NSDL Payments Bank provides a new way of Digital Banking to the people of urban and rural areas. NSDL Payments Bank was awarded India's Fastest Growing Payments Bank -2022 by Alden Global in association with Hyperscience.



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