



(REVIEW ARTICLE)



## Financial Statement Analysis of NABARD

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### Abstract

Financial statements” refer to proper and unique statements prepared by a business concern to disclose its financial information. The current financial position of the bank is strong because the current assets has excess on current liabilities. The NABARD trained their greatest to develop their facilities in the last three years, but it is additional estimated, and in the close future we would like to see every family having their quality of life. The growing trend in membership, working capital and deposits shows an indeed encouragement. Proper implementation of the Revival Package from NABARD and conforming to the rules and regulations specified by RBI from time to time for restructuring. The results of the present study may help to provide some instructions for increasing effective financial facilities in the rural financial sector which is one of the methods of poverty alleviation in the country.

**Keywords:** Nabard; Financial; RBI; Balances heet; Poverty; Current assets

### 1. Introduction

“Financial statements” refer to proper and unique statements prepared by a business concern to disclose its financial information. They play a leading role in situation the structure of managerial decisions. Financial statements are arranged to appraisal the state of investment in a business and outcome achieved during the exact period. They repeat recorded actualities, accounting conventions and personal judgements.

The financial statements are beneficial and meaningful only when they are analysed and interpreted. Scientific method has to be accepted to analyse and interpret these statements. Some people call it examination, criticism or investigation but, it is meaningful to call it analysis and interpretation.

The secondary data which was previously arranged so these data was only used to reach the aims and objectives of this project.

#### *Objectives of the study*

- To study the concepts and basics of financial statements.
- To analyse the financial statements of NABARD.
- To Compare the two years Statement of NABARD

### 2. Research Methodology

This study is based on the secondary data about NABARD Bank’s financial statements, documents and system ratios and finally to recognize and determine the position of the NABARD.

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### 2.1. Sources of Data

The secondary data were collected from books of accounts, annual reports, other published records of NABARD

### 2.2. Analysis of NABARD

The financial statements are beneficial and meaningful only when they are analysed and interpreted. Scientific method has to be recognised to analyse and interpret these statements as complete in the case of preparation of these statements.

### 2.3. Balance sheet

The balance sheet is a summary of the assets, liabilities, and equity of a business at a particular point in time usually the end of the firm's fiscal year. The balance sheet is also known as the statement of financial condition or the statement of financial position

**Table 1** Profit and loss account for the year ended 2021 to 2022 (Rs. In crores)

Particulars	Year ending 31.03.2021 Rs	Year ending 31.03.2022 Rs	Absolute Change	Percentage %
INCOME				
Interest received on Loans and Advances	31,441.51	33,874.32	+2,432.81	92.81
Income from Investment operation	3,372.89	3,030.53	_342.36	89.87
Other income	193.78	270.33	+76.55	71.68
Total "A"	35,008.18	37,175.18	+2,851.72	94.17
EXPENDITURE				
Interest and financial charges	24,235.65	26,574.22	+2338.57	91.19
Establishment and other expenses	2,102.77	2,281.35	+178.58	92.17
Expenditure on Promotional Activities	95.05	111.88	+16.53	84.95
Provisions	2,328.01	1,314.72	-1013.29	56.47
Depreciation	50.67	53.82	+3.15	94.14
Total "B"	28,812.15	30,335.99	+1,523.84	94.97
Profit before Tax (A-B)	6,196.03	6,839.19	+643.16	90.59
Provision for				
a)Income Tax	1,794.13	1,675.56	_118.57	93.39
b)Deferred Tax	0.81	30.85	+30.04	2.62
Profit after Tax	4,401.09	5,194.49	+793.4	84.72

### 2.4. Interpretation

The comparative income statement (Profit and Loss Account) of the study. The position of income shows very wide fluctuations. Interest received on Loans and Advances, Other Income, Interest and financial charges, Establishment and other expenses, Expenditure on Promotional Activities, Depreciation and Deferred Tax are increase in 2022 more than 2021 represent 92.81%, 71.68%, 91.19%, 92.17%, 84.95%, 94.14%, 2.62%.

Income from Investment operation, Provisions, Provision for Income Tax are decrease in 2022 less than 2021 represent 89.87%, 56.47%, 93.39%.

**Table 2** Consolidated balance sheet as on 31<sup>st</sup> march 2022

S.no	Funds& liabilities	As on 31.03.2021	As on 3.03.2022	Absolute Change	Percentage %
1	Capital	15,080.00	17,080.00	+2,000	88.29
2	Reserve Fund and Other Reserves	39,639.51	4,439.66	-35,199.85	11.20
3	Minority Interest	183.18	204.47	+21.29	89.58
4	National Rural Credit Funds	16,094.00	16,098.00	+4	99.9
5	Gifts, Grants, Donations and Benefactions	6,371.61	6,602.27	+230.66	96.50
6	Government Schemes	3,485.35	5,888.63	+2,403.28	59.18
7	Deposits	2,41572.10	2,52,126.69	+10,554.59	95.81
8	Bonds and Debentures	1,95,882.39	2,30,592.70	+34,710.31	84.94
9	Borrowings	1,21,658.87	1,63,660.12	+42,001.25	74.33
10	Current Liabilities and Provisions	18,690.81	21,824.84	+3,134.03	85.64
	TOTAL	6,58,657.82	7,58,469.38	+99,811.56	86.84
	Forward Foreign Exchange as per contra.	1,020.66	925.97	-94.69	90.72

### 2.5. Comparative financial statement for NABARD financial services limited balance sheet for the year 2021-2022

The Reserve Fund and other Reserves are decrease in the 2018 more than 2017 represent 11.20% therefore difference amount Rs.35,199.85 from NABARD. The Capital, Minority Interest, National Rural Credit Funds, Gifts, Grants, Donations and Benefactions, Government Schemes, Deposits, Bonds and Debentures, Current Liabilities and Provisions are increase in the 2018 more than 2017 represent that 88.29%, 11.20%, 89.58%, 99.9%, 96.50%,59.18%,95.81%, 84.94%, 74.33%, 85.64%.

### 3. Conclusion

The current financial position of the bank is strong because the current assets has excess on current liabilities.

The NABARD trained their greatest to develop their facilities in the last three years, but it is additional estimated and in the close future we would like to see every family having their quality of life. The growing trend in membership, working capital and deposits shows an indeed encouragement.

Proper implementation of the Revival Package from NABARD and conforming to the rules and regulations specified by RBI from time to time for restructuring.

The results of the present study may help to provide some instructions for increasing effective financial facilities in the rural financial sector which is one of the methods of poverty alleviation in the country.

### Compliance with ethical standards

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#### *Disclosure of conflict of interest*

No competing Interests.

*Author biography*

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