# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory @, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

The American Economic Association's electronic bibliography. EconLit. U.S.A.

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 3480 Cities in 174 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

## CONTENTS

Sr.	TITLE & NAME OF THE AUTHOR (S)	Page No.
No.		
1.	PERCEPTUAL MAPPING OF STUDENTS FOR ENGAGEMENT IN CLASS: AN EMPIRICAL STUDY OF	1
	STUDENT APATHY TOWARDS HIGHER EDUCATION  DR. D. S. CHAUBEY & K. R SUBRAMANIAN.	
_	EFFECTIVE FOOD PACKAGE DESIGN AND CONSUMER ATTRACTION	
2.	DR. R.RAJESWARI & T.RAMYA	9
3.	DO ASIAN STOCK MARKETS INTERACT?	14
J.	PRASHANT JOSHI	17
4.	A STUDY ON CUSTOMER MOBILE APPLICATIONS USAGE PATTERN AND THEIR SATISFACTION	19
	ABDULKHADAR J. MAKANDAR, SANJAY HANJI, BRIJMOHAN VYAS & DR. M. M. MUNSHI	
5.	EVALUATION OF RAJIV AAROGYASRI SCHEME IN ANDHRA PRADESH AND SURVEY OF PATIENTS	25
	OPINION	
	DR. D. SHREEDEVI	
6.	STUDY ON THE TIME DURATION OF INTERNSHIP IN HOTEL MANAGEMENT COURSE CURRICULUM	30
	DR. ANIL CHANDHOK & DR. BHAVET	
7.	HUMAN RESOURCE MANAGEMENT MODEL FOR NEW GLOBAL ECONOMY: OVERVIEW	40
	DR. GEETANJALI V. PATIL, DR. V. S. PURANIK & RAMESH S. NAIK  CUSTOMER EXPECTATIONS AND PERCEPTIONS ON SERVICE QUALITY IN BANKING SECTOR: WITH	45
8.	SPECIAL REFERENCE TO PUBLIC SECTOR BANKS IN RAJASTHAN REGION	45
	DR. POONAM MADAN & PREETI SHARMA	
9.	DETERMINANTS OF FOREIGN DIRECT INVESTMENT INFLOWS IN THE TRANSITION ECONOMIES OF	49
J.	EUROPEAN UNION	73
	YILMAZ BAYAR & HASAN ALP OZEL	
10.	INCIDENCE OF POVERTY AMONG THE RURAL LABOUR HOUSEHOLDS: A STUDY IN CHITTOOR	54
	DISTRICT OF ANDHRA PRADESH	
	DR. TRIPURANENI JAGGAIAH & DR. TRIPURANENI BALAJI	
11.	FINANCIAL BEHAVIOUR Vs. PERSONALITY TYPES: A MECHANISM TO IMPROVE CUSTOMER	58
	RELATIONSHIP MANAGEMENT	
4.0	NATARAJ B & MADHUMITHA T	
12.	FINANCIAL INCLUSION: AN INSTRUMENT THAT PULLS MILLIONS OF RURAL INDIANS OUT OF THE CLUTCHES OF POVERTY - A REVIEW	65
	ANSHA JASMIN S.N	
13.	POVERTY ERADICATION THROUGH INTEREST FREE FINANCE: A CASE STUDY	69
13.	AHSANATH.MK	09
14.	EMPLOYEE RETENTION STRATEGIES: AN OVERVIEW	72
	RUHANI SOHAL	7 -
15.	A STUDY ON EMPLOYEES' INVOLVEMENT TOWARDS EFFECTIVENESS OF TEAM WORK IN GLOBAL	75
	SCENARIO	
	K. KALAIVANI & P. SASIKALA	
<b>16</b> .	COMPARATIVE STUDY OF UNORGANISED AND ORGANISED RETAIL: THE CASE OF INDIAN GROCERY	78
	MARKET AT NCR	
47	SHASHANK MEHRA & MOONIS SHAKEEL HAPPINESS MAKES GOOD BUSINESS SENSE	0.5
<b>17</b> .	PRAKRITI CHAWLA & SHILPI ARORA	85
10	RISK MANAGEMENT PRACTICES IN YES BANK	89
18.	DR. N. FATHIMA THABASSUM	63
19.	THE EFFECT OF THE CHANGE IN SHORT-RUN FOREIGN DEBT STOCK IN TURKEY ON THE OUTPUT	93
13.	VOLATILITY	<i></i>
	DR. OZGE UYSAL SAHIN & DR. SEVDA AKAR	
20.	A CASE STUDY ON SELF-HELP GROUPS: MARKETING PERSPECTIVES & LEARNING	98
	SOUVIK ROY & CHAITALI DATTA	
	REQUEST FOR FEEDBACK & DISCLAIMER	101

## CHIEF PATRON

#### PROF. K. K. AGGARWAL

Chairman, Malaviya National Institute of Technology, Jaipur
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)

Chancellor, K. R. Mangalam University, Gurgaon

Chancellor, Lingaya's University, Faridabad

Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi

Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

## FOUNDER PATRON

#### LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana Former Vice-President, Dadri Education Society, Charkhi Dadri Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

### CO-ORDINATOR

DR. BHAVET

Faculty, Shree Ram Institute of Business & Management, Urjani

## ADVISORS

#### DR. PRIYA RANJAN TRIVEDI

Chancellor, The Global Open University, Nagaland

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., HaryanaCollege of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), MaharajaAgrasenCollege, Jagadhri

## **EDITOR**

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

## CO-EDITOR

DR. SAMBHAV GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

## EDITORIAL ADVISORY BOARD

**DR. RAJESH MODI** 

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. SIKANDER KUMAR** 

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

**PROF. SANJIV MITTAL** 

UniversitySchool of Management Studies, GuruGobindSinghl. P. University, Delhi

**PROF. RAJENDER GUPTA** 

Convener, Board of Studies in Economics, University of Jammu, Jammu

#### **PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

#### **PROF. S. P. TIWARI**

Head, Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

#### **DR. ANIL CHANDHOK**

Professor, Faculty of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

#### DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, KurukshetraUniversity, Kurukshetra

#### **DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

#### DR. MOHENDER KUMAR GUPTA

Associate Professor, P.J.L.N.GovernmentCollege, Faridabad

#### **DR. VIVEK CHAWLA**

Associate Professor, Kurukshetra University, Kurukshetra

#### DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

## ASSOCIATE EDITORS

#### **PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

#### **PARVEEN KHURANA**

Associate Professor, MukandLalNationalCollege, Yamuna Nagar

#### **SHASHI KHURANA**

Associate Professor, S.M.S.KhalsaLubanaGirlsCollege, Barara, Ambala

#### **SUNIL KUMAR KARWASRA**

Principal, AakashCollege of Education, ChanderKalan, Tohana, Fatehabad

#### DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

## TECHNICAL ADVISOR

#### AMITA

Faculty, Government M. S., Mohali

## FINANCIAL ADVISORS

#### **DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

#### NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

## LEGAL ADVISORS

#### **JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

#### **CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

## <u>SUPERINTENDENT</u>

**SURENDER KUMAR POONIA** 

### CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (**FOR ONLINE SUBMISSION, CLICK HERE**).

#### GUIDELINES FOR SUBMISSION OF MANUSCRIPT

		OII OI MILLIOUVIAL	
COVERING LETTER FOR SUBMISSION:			DATED:
THE EDITOR URCM			
Subject: SUBMISSION OF MANUSCRIPT	IN THE AREA OF.		
(e.g. Finance/Marketing/HRM/General M	anagement/Economics/Psychology/La	w/Computer/IT/Engineering/Mathematics/	other, please specify)
DEAR SIR/MADAM			
Please find my submission of manuscript en	ntitled '		in your journals.
I hereby affirm that the contents of this m under review for publication elsewhere.	anuscript are original. Furthermore, it l	as neither been published elsewhere in any	language fully or partly, nor is
I affirm that all the author (s) have seen and	d agreed to the submitted version of the	e manuscript and their inclusion of name (s) a	as co-author (s).
Also, if my/our manuscript is accepted, I, contribution in any of your journals.	/We agree to comply with the formal	ties as given on the website of the journa	I & you are free to publish ou
NAME OF CORRESPONDING AUTHOR:			
	COVERING LETTER FOR SUBMISSION:  THE EDITOR  IJRCM  Subject: SUBMISSION OF MANUSCRIPT  (e.g. Finance/Marketing/HRM/General M  DEAR SIR/MADAM  Please find my submission of manuscript end of the submission of this munder review for publication elsewhere.  I affirm that all the author (s) have seen and Also, if my/our manuscript is accepted, I contribution in any of your journals.	COVERING LETTER FOR SUBMISSION:  THE EDITOR  URCM  Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF.  (e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Late  DEAR SIR/MADAM  Please find my submission of manuscript entitled '  I hereby affirm that the contents of this manuscript are original. Furthermore, it hunder review for publication elsewhere.  I affirm that all the author (s) have seen and agreed to the submitted version of the Also, if my/our manuscript is accepted, I/We agree to comply with the formalic contribution in any of your journals.	THE EDITOR  URCM  Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF.  (e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/  DEAR SIR/MADAM  Please find my submission of manuscript entitled '' for possible publication  I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any under review for publication elsewhere.  I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) at Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal contribution in any of your journals.

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

#### NOTES:

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:

  New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/
  - Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.
- 2. MANUSCRIPT TITLE: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
- 3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation** (s), **address, mobile/landline numbers,** and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.
- 4. ABSTRACT: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

- 5. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
- 6. MANUSCRIPT: Manuscript must be in <u>BRITISH ENGLISH</u> prepared on a standard A4 size <u>PORTRAIT SETTING PAPER</u>. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
- 7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
- 8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
- 9. MAIN TEXT: The main text should follow the following sequence:

INTRODUCTION

**REVIEW OF LITERATURE** 

**NEED/IMPORTANCE OF THE STUDY** 

STATEMENT OF THE PROBLEM

**OBJECTIVES** 

**HYPOTHESES** 

RESEARCH METHODOLOGY

**RESULTS & DISCUSSION** 

**FINDINGS** 

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

**ACKNOWLEDGMENTS** 

REFERENCES

APPENDIX/ANNEXURE

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed 5000 WORDS.

- 10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
- 11. **EQUATIONS**: These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
- 12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (ed.) for one editor, and (ed.s) for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working
  papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

#### PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

#### BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

#### CONTRIBUTIONS TO BOOK

Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

#### JOURNAL AND OTHER ARTICLES

• Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

#### CONFERENCE PAPERS

• Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

#### UNPUBLISHED DISSERTATIONS AND THESES

• Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

#### **ONLINE RESOURCES**

Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

#### WEBSITES

• Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

#### **RISK MANAGEMENT PRACTICES IN YES BANK**

## DR. N. FATHIMA THABASSUM POST DOCTORAL RESEARCH SCHOLAR THE NEW COLLEGE (AUTONOMOUS) CHENNAI

#### **ABSTRACT**

Risk management is a part of the growth strategy of any organization. The banks have to comply with Basel II and Basel III accord as per RBI guidelines. They have to achieve a minimum Capital Adequacy Ratio of 9% for existing banks and 10% for new private Sector banks under Basel II. New generation banks are more profit intensive and strictly comply to risk management practices to survive in the long run. The main aim of this paper is to measure the prevailing risk in Yes Bank, a new Private sector bank from Nov 21, 2004 - March 31, 2005 to April 1, 2013- March 31, 2014. The paper also emphasizes on the risk management practices followed by Yes Bank. An empirical model is constructed with Ratio analysis, Cluster analysis and Altman model. It was concluded that the bank had comprehensive risk management policy, rich clientele and low level of Non Performing Assets. Low Net Interest Margin was a matter of concern throughout the period.

#### **KEYWORDS**

Risk management Practices, Net Interest Margin, Private Sector Banks, Non Performing Assets, Yes Bank.

#### INTRODUCTION

inancial sector reforms in 1991 had a comprehensive impact on transformation in banking industry. Since then, liberalization, deregulation, increased competition and technological innovations are the key aspects of banking sector. Financial inclusion and issue of new bank licenses on 1993 and 2001 respectively and again in 2014 has lead to the proliferation of new Private Sector Banks. These banks offer products more professionally with best use of technology. They have more percentage of internet users and mobile users compared to Public and old Private Sector banks. For these banks, Profitability is the fundamental step for sustaining in the industry. The financial performance and efficiency of these banks are reflected in the profitability, Net Interest Margin, Return on Assets and Return on Equity besides bringing down NPAs sharply. These banks should have an efficient risk management system to achieve sustained growth.

#### **ABOUT YES BANK**

Yes Bank, one of the fastest growing, new generation banks has been recognized as the "The Strongest Bank Balance Sheet in India" by the Asian Banker, Singapore, 2013. The bank is promoted by the late Mr. Ashok Kapur and Mr. Rana Kapur and was included to the second schedule of the RBI Act, 1934 with effect from August 21,2004. Within a short span of 10 years, the bank has steadily built full service, with corporate, retail and SME banking platform. The bank caters to comprehensive product suite of Financial Markets, Investment banking, Corporate Finance, Branch Banking, Business and Transaction banking and wealth management services. Yes Bank is the only Greenfield license awarded by the RBI in the last 17 years, associated with the finest pedigree investors. Yes Bank has a widespread branch network of over 560 branches across 375 cities, with 1139 ATMs, 8798 employees as on March 31, 2014.

#### **NEED FOR THE STUDY**

The New generation banks are highly competitive, customer centric and Profit oriented. Therefore, these banks are prone to more risks. The RBI has issued risk management guidelines for banks for effective management of various risks such as credit risk, market risk, operational risk and integrated risk in October 2002, with the view to enhance and strengthen their existing risk management practices. Yes Bank has achieved a steady growth within a short period of time. The bank aims to build counter cyclical strategies and proactive risk management practices. The risk management framework at Yes Bank is driven by well informed and knowledgeable board, largely comprised of independent directors and senior management. The board supervises the risk profile of the bank, monitor the business and the existing control mechanisms, ensure expert management and maximize the interests of all the stakeholders. Thus, a study is done to understand the risk management practices followed by Yes Bank.

#### **OBJECTIVES OF THE STUDY**

The main aim of this paper is to measure the prevailing risk in Yes Bank, a new Private sector bank from Nov 21, 2004 - March 31, 2005 to April 1, 2013- March 31, 2014. This paper also highlights the measures taken by the banks to manage and mitigate the risk.

#### **RESEARCH METHODOLOGY**

#### **COLLECTION OF DATA**

The study is based on secondary data. 10 key Financial Ratios are collected from annual reports of Yes Bank.

#### STATISTICAL TOOLS APPLIED

Ratio analysis is employed to find out the financial position to measure the risk. K-means cluster analysis is used to segment the years with respect to different financial ratios. Discriminant analysis and Altman's model is exploited to identify the measure of risk and risk management capabilities.

#### SCOPE AND PERIOD OF THE STUDY

This paper helps to find out the risk management and risk mitigation practices followed by Yes Bank from the year of inception 2004-2005 to the current year 2013-2014

Yes Bank has implemented Basel I norms from the year of inception. The Bank is subject to the Basel II framework with effect from March 31, 2009 as stipulated by the Reserve Bank of India (RBI). The Basel II framework consists of three-mutually reinforcing pillars:

l Pillar 1 - Minimum capital requirements for credit risk, market risk and operational risk

I Pillar 2 - Supervisory review of capital adequacy

I Pillar 3 - Market discipline, a set of disclosure on the capital adequacy and risk management framework of the Bank.

The RBI guideline on 'Basel III Capital Regulation' was issued on May 2, 2012 for implementation in India in phases with effect from April 1, 2013 and to be fully implemented by March 31, 2018. YES Bank is subject to the RBI Master Circular on Basel-III Capital Regulations, July, 2013.

#### LIMITATIONS OF THE STUDY

The study is confined to 10 key ratios from the inception of the bank till the year 2013-2014 alone which will reveal the overall performance of the bank.

#### **ANALYSIS AND DISCUSSION**

The following ten ratios are taken into consideration for identification of risk in Yes Bank from the year Nov 21, 2004-March 31, 2005 to April 1, 2013-March 31st, 2014. The bank started its operation from Nov 21, 2004 - March 31, 2005. Hence for the year 2004-2005 alone, the ratios are computed for the period from Nov 21, 2004-March 31, 2005.

TABLE NO. 1: FINANCIAL RATIOS OF YES BANK										
Year	Credit Deposit Ratio (%)	Capital Adequacy Ratio (%)	Net NPA Ratio (%)	Profit Per Employee ( Rs ,in 000s)	Cost Income Ratio (%)	Net Interest Margin (%)	Non Interest Income to Total Assets (%)	Provision Coverage Ratio (%)	Return On Assets (%)	Return On Equity (%)
2004-2005	114.77	18.81	0	-1.82	109.92	2.84	2.72	0	-0.29	-1.75
2005-2006	82.71	16.43	0	882	46.49	2.96	3.85	0	2.03	14.01
2006-2007	76.51	13.6	0	386	52.88	2.79	2.96	0	1.24	13.88
2007-2008	71.05	13.6	0.09	635	49.36	2.74	2.73	0	1.42	19
2008-2009	76.71	16.6	0.33	1138	44.23	2.9	2.29	51.5	1.52	20.65
2009-2010	82.81	20.6	0.06	1675	36.7	3.1	2.16	78.43	1.6	23.7
2010-2011	74.80	16.5	0.03	2089	36.3	2.9	1.35	88.63	1.5	21.1
2011-2012	77.29	17.94	0.05	2042	37.7	2.8	1.38	79.18	1.5	23.1
2012-2013	70.20	18.3	0.01	2102	38.4	2.9	1.52	92.59	1.5	24.8
2013-2014	70.0	14.4	0.05	2045	39.4	29	1 71	85.1	1.6	25

Source: Annual Reports of Yes Bank

Cluster analysis is performed with the help of SPSS 16 to identify the radical changes in these 10 ratios for the period of 10 years. Accordingly, year wise clusters are arrived and classified as Cluster I, Cluster II and Cluster III.

**TABLE NO. 2: CLASSIFICATION OF YEARS ON BASIS OF CLUSTER** 

Cluster	Years
1	2004-2005, 2006-2007
II	2005-2006, 2007-2008, 2008-2009
III	2009-2010, 2010-2011, 2011-2012,2012-2013 and 2013-2014

Source: computed data

The Strong (S), Moderate (M) and Weak (W) ratios under the cluster I, II and III are as follows.

#### TABLE NO. 3: CLASSIFICATION OF CLUSTERS

	TABLE NO. 3. CLASSII ICATION OF CLOSTERS							
		Cluster 1	Cluster 2	Cluster 3				
1	Credit Deposit Ratio	95.64(S)	76.82(M)	75.02(W)				
2	Capital Adequacy Ratio	16.20(M)	15.54(W)	17.55(S)				
3	Net NPA Ratio	.00(W)	0.14(S)	.04(M)				
4	Profit Per Employee	192.09(W)	885.00(M)	1990.60(S)				
5	Cost Income Ratio	81.40(S)	46.69(M)	37.70(W)				
6	Net Interest Margin	2.82(W)	2.87(M)	2.92(S)				
7	Non Interest Income to Total Assets	2.84(M)	2.96(S)	1.62(W)				
8	Provision Coverage Ratio	.00(W)	17.17(M)	84.79(S)				
9	Return on Asset	0.48(W)	1.66(S)	1.54(M)				
10	Return on Equity	6.06(W)	17.89(M)	23.54(S)				

Source: computed data

The strong (S) and Weak (W) ratios of all the three clusters are subject to further analysis. The moderate ratios are ignored as suitable inferences cannot be derived for measurement of risk. These Strong (S) and Weak (W) ratios are compared with the accepted benchmark ratios stipulated by RBI to determine the risk. In absence of the benchmark ratio, all bank's average is taken into consideration.

**TABLE NO. 4: STRONG AND WEAK RATIOS OF CLUSTER 1** 

Cluster 1 ( 2004-2005, 2006-2007)	Ratio ( in %)	Benchmark	Result		
STRONG RATIOS					
1.Credit Deposit Ratio	95.64	Not less than 60%	Much higher than the benchmark Subject to Liquidity Risk (Makesh,2008)		
2.Cost Income Ratio	81.40	Less than 40%	Much higher than the benchmark Subject to Operational Risk (Maike Sundmacher, 2004)		
WEAK RATIOS					
1.Net NPA Ratio	0.00	Less than 1%	Risk-Free		
2.Profit Per Employee	192.09	265*	Less than the accepted benchmark, leading to Operational Risk ( Timothy.W.Koch,2004)		
3.Net Interest Margin	2.82	More than 3.5%	Less than the accepted benchmark, leading to Interest Rate Risk (Y.Sree Ramamurthy,2003) and Capital Risk (Peter .S. Rose, 1987)s		
4.Provision Coverage Ratio	0.00	More than 70%	Less than the accepted benchmark, leading to Credit Risk (Peter Demenrjian, 2007)		
5.Return on Asset	0.48	More than 1%	Capital Risk (Peter .S. Rose, 1987), Interest Rate Risk(Y.Sree Ramamurthy,2003) And Credit Risk (Peter Demenrjian, 2007)		
6.Return on Equity	6.06	More than 18%	Capital Risk (Peter .S.Rose, 1987), Interest Rate Risk(Y.Sree Ramamurthy, 2003) and Credit Risk (Peter Demenrjian, 2007)		

Table No 4 shows the first cluster of 2 years i.e., 2004-2005 and 2006-2007. This is the initial period of its operation. During the period, the strong ratios namely Credit Deposit Ratio and Cost Income Ratio and the weak ratios such a Profit Per Employee, Net Interest Margin, Provision Coverage Ratio, Return on Asset and Return on Equity indicated the existence of Liquidity Risk, Operational Risk, Interest Rate Risk, Capital Risk and Credit Risk. There were no NPAs during the first cluster years. Hence, the bank did not provide any provision coverage. The year 2004-2005 was the first year the bank started its operations, hence in this year the bank was exposed to various types of risk. In the year 2006-2007, though there was an increase in the profit, but the return in terms of employees, assets and equity was below the benchmark criteria. The bank made investments towards information technology, branch expansion and human resources to meet growth targets during 2006-2007. The bank was in the initial stage of implementation of Basel II norms during 2006-2007.

#### TABLE NO. 5: STRONG AND WEAK RATIOS OF CLUSTER 2

Cluster 2 (2005-2006, 2007-2008 and 2008-2009)	Ratio (in %)	Benchmark	Result		
STRONG RATIOS					
1.Net NPA Ratio	0.14	Less than 1%	Risk-Free		
2.Non Interest Income to Total Assets	2.96	More than 0.75%	Risk-Free Favourable		
3.Return on Asset	1.66	More than 1%	Risk-Free		
WEAK RATIO	•				
Capital Adequacy Ratio	15.54	More than 10%	Risk-Free Favourable		

In the second cluster of  $\frac{1}{3}$  years viz., 2005-2006, 2007-2008 and 2008-2009, Yes bank has taken efforts to comply carefully with the risk management practices as there was no risk associated during this period. In the year 2005-2006, the Bank was in its growth phase and was making substantial investments towards branch expansion, human resources and technology to fulfil it developmental needs. Bank did not have any NPA as at March 31, 2005 and continued to maintain NPAs at zero levels as at March 31, 2006 in spite of commendable growth in advances.

#### TABLE NO. 6: STRONG AND WEAK RATIOS OF CLUSTER 3

Cluster 3 (2009-2010, 2010-2011, 2011-2012, 2012-	Ratio	Benchmark	Result		
2013 and 2013-2014)	(in %)				
STRONG RATIOS					
1.Capital Adequacy Ratio	17.55	More than 10%	Risk-Free		
			Favourable		
2.Profit Per Employee	1990.60	752*	Risk-Free		
(Rs in '000s)			Commendable growth		
3.Net Interest Margin	2.92	More than 3.5%	Less than the accepted benchmark, leading to Interest Rate Risk		
			(Y.Sree Ramamurthy, 2003) and Capital Risk (Peter .S. Rose, 1987)		
4. Provision Coverage Ratio	84.79	More than 70%	Risk-Free		
5.Return on Equity	23.54	More than 18%	Risk-Free		
WEAK RATIOS					
1.Credit Deposit Ratio	75.02	More than 60%	Risk-Free		
2.Cost Income Ratio	37.70	Less than 40%	Risk-Free		
3.Non Interest Income to Total Assets 1.62		More than 0.75%	Risk-Free		
*Average of All Bank's average for the third cluster of years					

Cluster 3 is the period the bank is likely to add on to NPA as it completed more than 4 years of its operation. In 2009-2010, there was a growth of Net Interest Margin (3.1%) on account of pricing power on predominantly corporate book and reprising of large proportion of interest sensitive liabilities. The bank has shown relatively a stable margin during the other years of the cluster 3. Throughout the period of the study, the ratio was below the accepted benchmark of 3.5% resulting in Interest rate risk and Capital Risk.

#### **MAJOR FINDINGS**

In recent years, i.e., in the third cluster of years the bank was exposed to Interest Rate Risk. It can also be noted throughout the 10 year span, the bank had the NIM comparatively less than the accepted benchmark of 3.5%. Despite increase in its yields, Yes Bank has been facing pressure on its margins. This was because the bank's share of total retail depositors is less. Moreover, it has been increasing its CASA deposits on the savings account side almost 73% of its total deposits by offering higher rate of interest, which is around 7%, while a majority of rival banks offer 4% interest rate. Hence, the costs of deposits are slightly on the higher side. In a falling interest rate scenario, net interest margin improvement for Yes Bank looks tougher as it will have to cut down interest rates on advances to sustain a healthy credit growth, while peers have been cutting down deposit rates.

As far as advances are concerned, Yes bank delivered a loan growth of 24% in 2012-2013 when the industry growth rate was 14% when there was a slowdown in banking sector which is expected to moderate in the ongoing economic condition. Lending to the large corporate accounts for 64% of the bank's loan, maximum exposure to any single sector is capped at around 5%. 65-70% is working capital financing and project financing is less than 6% to reduce the risk.

#### CONCLUSION

The bank has built a robust risk management system for long term security and to avoid any default for its lending activates. The bank's board has approved a well defined credit policy. The management committee conducts periodical review to identify early warning signals and overall health of borrowing units. The bank also ensures that delinquencies are maintained at the minimum level through the post sanctioned follow-up monitoring process. The market risk management is governed by a comprehensive market risk policy, ALM policy, Liquidity Policy, Investment Policy, Hedging Policy, Derivative Policy and a Derivative Appropriateness policy to ensure that the risk underwritten across business activities are within a stipulated appetite of bank and also of similar risks. Bank regularly conducts stress testing to monitor the bank's vulnerability towards unfavourable shocks. Yes Bank along with the regulatory guidelines has implemented a comprehensive operational risk management policy and put in place a framework to identify access and monitor risk, strengthen controls, improve customer service and minimize operational losses. The bank has also institutionalized a strong compliance culture across the organization, pursuant to its strategic goals of transparency and trust amongst all its stakeholders as per RBI guidelines. With strong risk management strategies, higher provisioning and credit rich clientele, Yes Bank has managed to have low net NPAs in the Industry despite challenging economic environment during the study period. Though the increasing focus for higher penetration into the retail segment might be a challenge for the bank to sustain its superior asset quality, the bank will be able to maintain asset quality, and strengthen its profitability.

#### **REFERENCES**

#### воокѕ

- 1. Peter S. Rose (1987), "The Changing Structure of American Banking" Columbia University Press.
- 2. Timothy W.Koch., SScottt Mac Donald (2009),"Bank Management, South Western Educational Publishing, USA

#### CONTRIBUTIONS TO BOOKS

3. Fathima Thabassum. N and Mubarak Ali. E (2012), Search and Research in Commerce & Management, edited by Joseph Anbarasu Gnanraj, Learntech Publication, 2012, pg 270-278

#### JOURNALS AND OTHER ARTICLES

- 4. Altman.E (1968), Financial Ratios. Discriminant Analysis and the prediction of corporate Bankruptcy", The Journal of Finance, September, pp 589-609
- 5. Makesh, K.G. (2008), "Financial Performance Analysis of Commercial Banks: A Comparision of Federal Bank, Dhanlakshmi Bank, and SBI", Professional Banker, Vol. 8, No. 9, pp. 34-44
- 6. Peter Demerjian (2007), "Financial Ratio covenants and credit risk", University of Michigan

#### REPORTS AND NEWSPAPERS

7. Annual Reports of Yes Bank from 2004-2005 to 2013-2014

- 8. RBI circulars
- 9. The Business Line, October 19, 2013.

#### WEBSITES

- 10. SreeRama Murthy.Y.,(2004) "Financial Ratios of Major Commercial Banks." SSRN: http://ssrn.com/abstract=1015238 viewed on June 26, 2014.
- 11. Sundmacher, Maike., (2004),"Operational Risk Capital Charges for Banks: Consideration and Consequences" SSRN: http://ssrn.com/abstract=963227 viewed on June 26,2014.
- 12. http://www.yesbank.in/images/all\_pdf/the\_hindu\_business\_line\_18\_may\_2013.pdf viewed on June 26,2014
- 13. http://www.yesbank.in viewed on June 26,2014



## REQUEST FOR FEEDBACK

#### **Dear Readers**

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mailinfoijrcm@gmail.com for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

## **DISCLAIMER**

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, nor its publishers/Editors/Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal is exclusively of the author (s) concerned.

## **ABOUT THE JOURNAL**

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active cooperation of like-minded scholars, we shall be able to serve the society with our humble efforts.







