

A Project Report On Revenue Model And Financial Performance Of IPPB

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Abstract:

This study helps to examine the revenue model and financial performance of India Post Payments Bank (IPPB). The research focuses on understanding the bank's sources of income, cost patterns, and overall financial trends over a particular period. Data for the study will be collected from secondary sources such as annual reports, RBI publications, and official IPPB financial statements. Financial ratios and trend analysis will be used to analyse the bank's income growth, expense control, and operational efficiency. Moreover, the study will examine how digital banking services, government-related business, and the extensive India Post network provides to the bank's revenue. The findings are expected to provide valuable insights into the sustainability of IPPB's business model and suggest ways to improve revenue generation and overall financial performance. Overall, this research aims to enhance understanding of payments bank operations and support strategies to strengthen profitability and efficiency.

Keywords: India Post Payments Bank(IPPB), Revenue model, Financial performance, Trend analysis, Financial ratios.

Introduction:

In the present competitive and quickly developing financial environment, understanding how an organization generates income and manages its finances is important for analysing its long-term success. Two important concepts that help in this evaluation are the revenue model and financial performance. These concepts provide a structured way to examine how an institution sustains its operations and achieves growth overtime.

A revenue model pertains to the framework through which an organization earns its income. It explains the various sources from which revenue is generated and the strategies adopted to convert services or products into financial returns. In the banking sector, a revenue model may include income from interest, service charges, transaction fees, commissions, partnerships, or other financial services. A clear and well-designed revenue model ensures stability, supports expansion, and helps the organization remain competitive in the market. Financial performance, on the other hand, reflects how effectively an organization utilizes its resources to generate profits and maintain financial stability. It is commonly assessed

through financial statements, ratio analysis, and trend evaluation over a period of time. Indicators such as income growth, expense management, profitability, liquidity, and operational efficiency are used to measure performance. Strong financial performance indicates efficient management and sustainable business operations. The relationship between the revenue model and financial performance is closely connected. While the revenue model determines how income is generated, financial performance shows how well that income is managed and transformed into overall organizational growth. An effective revenue structure combined with sound financial management contributes to long-term sustainability and resilience. Therefore, understanding both the revenue model and financial performance is essential for analysing the strength and viability of any financial institution. A detailed study of these aspects provides valuable insights into operational efficiency, profitability, and future growth potential.

REVIEW OF LITERATURE

An overview of previous studies, research papers, reports, and articles about the revenue model and financial performance—particularly in the banking and payments bank industry—is given by the review of the literature.

KANTILAL HARIBHAI, ADROJA (2025)

Using trend analysis and important financial ratios, the study looked at the financial performance of a few payments banks in India. In order to ensure long-term financial sustainability, the findings highlighted the necessity of revenue diversification, cost control, and technology-driven strategies. They also showed fluctuations in profitability and efficiency as a result of limited income sources and high operating costs.

DR. MANOJ MINJ (2025)

Dr. Minj analysed the financial performance of the India Post Payments Bank using ratio and trend analysis. The study found that IPPB has shown gradual improvement in operational efficiency and revenue growth, supported by increased digital transactions and government linked payment services.

INDIA DIGITAL PAYMENTS INDEX (2024)

The India Digital Payments Index 2024 indicated strong growth in digital transaction adoption across India, reinforcing the increasing relevance of payments banks in the evolving financial ecosystem.

GOVERNMENT OF INDIA REPORTS (2023)

Government publications noted that IPPB has significantly expanded its customer base through DBT schemes and digital services, improving transaction volumes year-on-year.

INDIA POST PAYMENTS BANK- ANNUAL REPORT (2022-2023)

According to IPPB's annual report, the banks revenue model is primarily driven by fee-based income from remittances, bill payments, DBT transactions, and third-party financial

products. The report highlighted that leveraging the extensive postal network has helped IPPB reduce customer acquisition costs and expand outreach in rural areas.

Objectives:

- To study the revenue model of the India Post Payments Bank (IPPB).
- To examine the major sources of income.
- To analyse the financial performance of IPPB.
- To identify the challenges and suggest improvements for better financial performance.

Scope of the study:

The scope of the study is limited to the analysis of the revenue model and financial performance of India Post Payments Bank. The study focuses on understanding how IPPB generates income through fee-based services, commissions, and government-related business, and how these sources contribute to its overall financial performance. The analysis is based on secondary data collected from annual reports, financial statements, RBI publications, and other publicly available sources. The study covers a specific period of operation of IPPB to assess trends in revenue, expenses, and profitability. The findings of the study are useful for academicians, policymakers, and banking professionals who are interested in understanding the functioning and sustainability of payments banks in India.

Need of the study:

The Indian banking sector has been undergoing rapid changes due to digitalization, regulatory reforms, and increased focus on financial inclusion. Payments banks, as a differentiated banking model, play a crucial role in providing basic banking services to underserved sections of society. India Post Payments Bank (IPPB), being a government owned payments bank, holds a unique position due to its extensive postal network and mandate to promote inclusive banking.

Limitations of the study:

The following are some of the limitations that apply to this study:

1. All of the secondary data used in the analysis may have inherent limitations with regard to completeness and accuracy.
2. There is no comparison with other payment banks in the study; it solely concentrates on India Post Payments Bank.
3. Because IPPB is a payments bank, its performance might not be accurately reflected by conventional profitability metrics.
4. The study's conclusions are restricted to the chosen time frame and might not accurately reflect performance trends in the future.

5. Over time, modifications to governmental programs and regulations may have an impact on the results' applicability.

RESEARCH METHODOLOGY:

The methodical and structured approach used to carry out the study is referred to as research methodology. It covers research design, sampling strategies, data collection methods, analysis tools, and result interpretation. The revenue model and financial performance of Indian Postal Payments Bank (IPPB) have been examined for this study using a precise and well-defined methodology.

The approach used is primarily descriptive and analytical. The study's main goals are to comprehend IPPB's diverse revenue streams and assess its financial performance through ratio analysis and financial indicators. Reliable secondary data gathered from trust worthy sources served as the foundation for the study.

RESEARCH DESIGN:

The study is based on Descriptive and Analytical Research Design.

Descriptive Research: Descriptive Research is used to describe the revenue structure, income sources, and cost components of IPPB

- **Analytical Research:** Financial data is analyzed using ratios, trend analysis, and comparative evaluation in analytical research.

TYPE OF DATA:

The study is mainly based on Secondary Data.

Secondary Data

Secondary data has been collected from

- Annual Reports of Indian Postal Payments Bank
- Reports published by Reserve Bank of India (RBI)
- Ministry of Finance publications
- Official website of IPPB
- Research journals, articles, and financial statements

TOOLS AND TECHNIQUES OF ANALYSIS

To evaluate the financial performance of IPPB, the following tools are used:

- Profitability Ratios (Net profit ratio, ROA, ROI, Operating profit Ratio)
- Solvency Ratio (Debt-to-Equity)
- Trend Analysis

RESEARCH PROCESS

The research process includes:

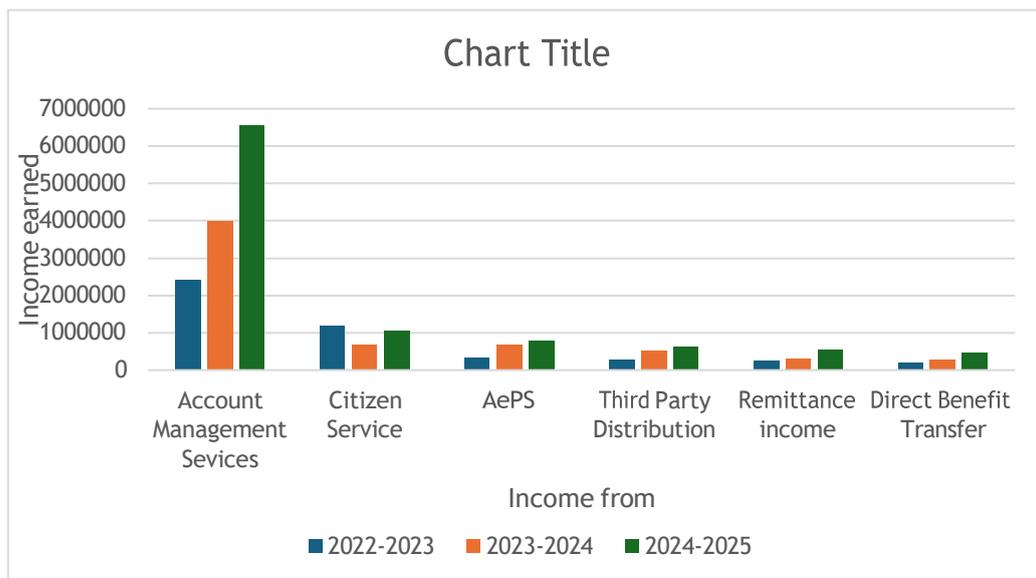
- Identification of the research problem
- Collection of secondary financial data
- Classification and tabulation of data
- Application of financial ratios and analytical tools
- Interpretation of results
- Drawing conclusions and suggestions

Data Analysis:

REVENUE MODEL OF IPPB:

The following are the major sources of revenue from the financial years of (2022-2025) that a India Post payments bank gets:

INCOME FROM	2022-2023 (in Rs.)	2023-2024 (in Rs.)	2024-2025 (in Rs.)
Account Management Sevices	2422592	3987151	6557837
Citizen Service	1184088	701212	1046966
AePS	344205	680001	798683
Third Party Distribution	278939	506801	625482
Remittance income	267915	301211	552845
Direct Benefit Transfer	189861	277783	485383



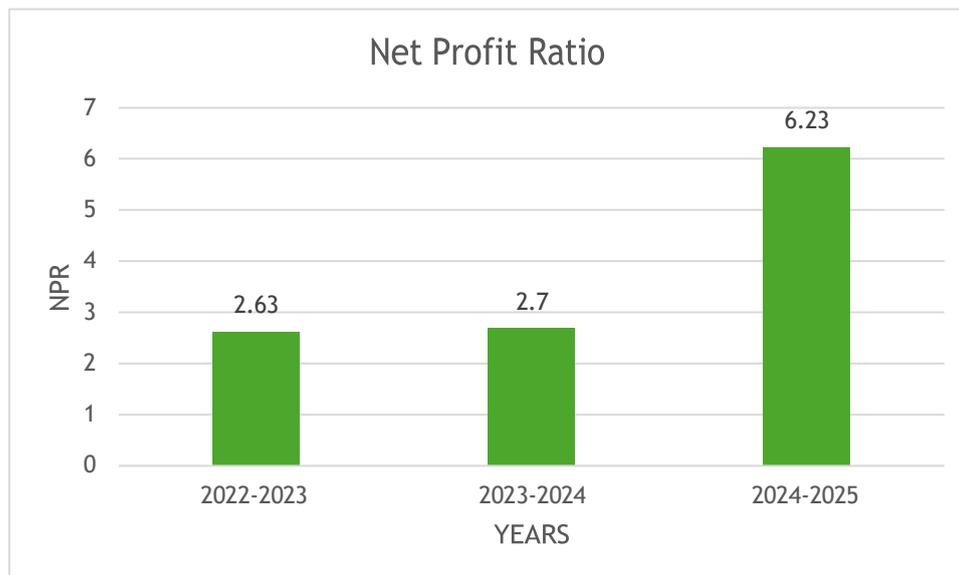
FINANCIAL PERFORMANCE OF IPPB:

Net profit Ratio:

A profitability ratio that displays the amount of net profit a business makes from its total revenue (sales) is the net profit ratio, also known as the net profit margin.

$$\text{Net Profit Ratio} = (\text{Net Profit} / \text{Total Income}) \times 100$$

Year	Net Profit (in Rs.)	Total Income (in Rs.)	Net Profit Ratio
2022-2023	201609	7661502	2.63
2023-2024	342378	12652909	2.70
2024-2025	1338559	21481229	6.23



Interpretation:

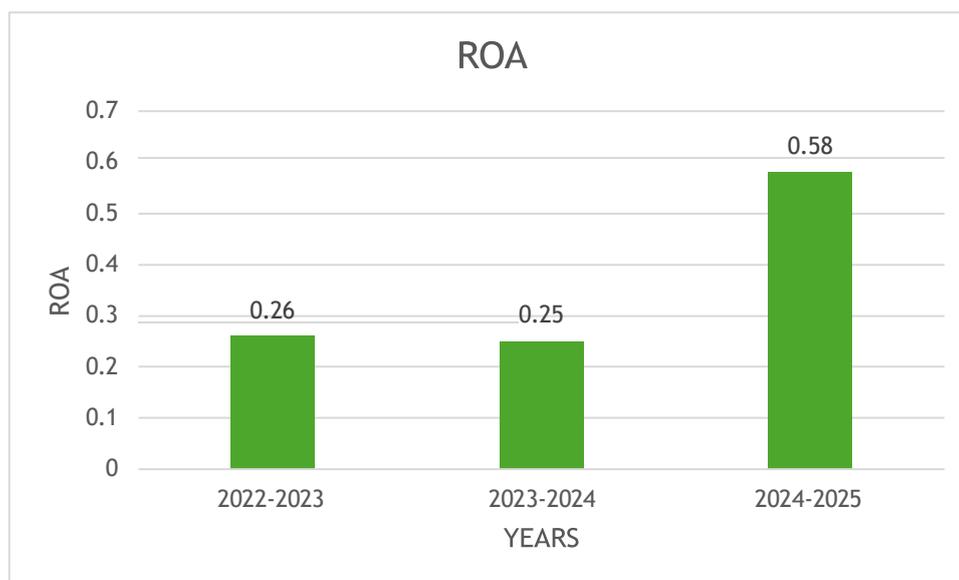
Over a three-year period, the Net Profit Ratio increased from 2.63% to 6.23%, indicating a steady improvement in profitability. The notable increase in 2024–2025 points to improved methods for generating income and effective cost control. The bank's overall financial performance has improved dramatically over the course of the study.

RETURN ON ASSETS:

Return on Assets (ROA) is a financial ratio that measures a bank's ability to generate profit from its total assets. It shows how efficiently the bank is using its assets (such as loans, investments, and cash balances) to earn net profit.

$$\text{ROA} = (\text{Net Profit} / \text{Total Assets}) \times 100$$

YEARS	NET PROFIT (in Rs.)	TOTAL ASSETS (in Rs.)	ROA
2022-2023	201609	76198716	0.26
2023-2024	342378	136627628	0.25
2024-2025	1338559	229072770	0.58



INTERPRETATION:

From the data, ROA shows a continuous improvement over the years. In 2022–2023, the ROA was 0.26, which increased significantly to 0.45 in 2023–2024 and further improved to 0.58 in 2024–2025. This steady growth indicates that the company has become more efficient in utilizing its assets to generate profits. The increasing trend suggests better asset management, improved operational efficiency, and stronger financial performance.

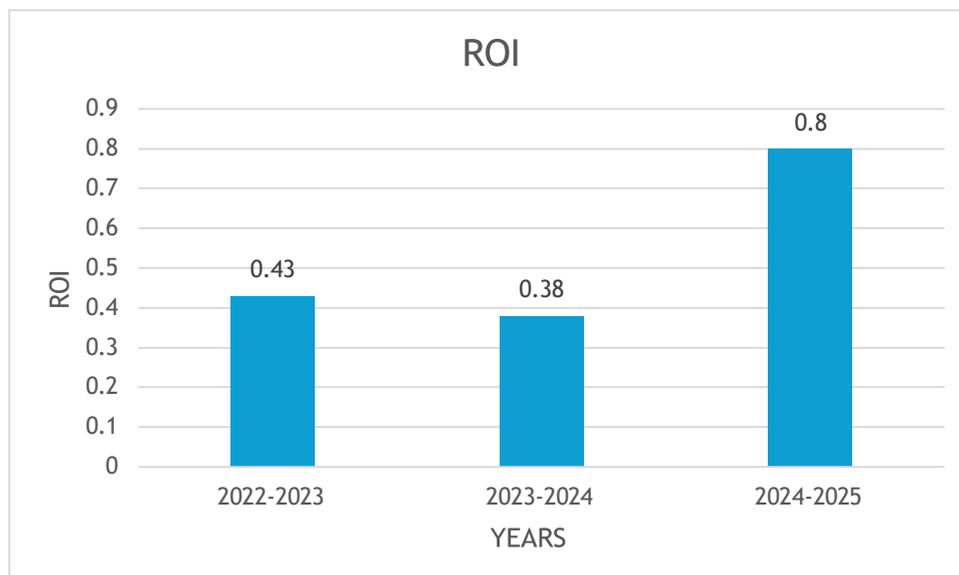
RETURN ON INVESTMENT:

Return on Investment (ROI) is a financial performance ratio used by banks to measure the profitability of an investment relative to its cost. It indicates how effectively a bank uses its invested funds to generate returns.

$$\text{ROI} = (\text{Net profit} / \text{Total Investment}) \times 100$$

YEARS	NET PROFIT (in Rs.)	TOTAL INVESTMENT (in Rs.)	ROI
2022-2023	201609	45991846	0.43

2023-2024	342378	88394493	0.38
2024-2025	1338559	165367934	0.80



INTERPRETATION:

According to the data, ROI was 0.43 in 2022–2023, which increased to 0.58 in 2023–2024 and further rose to 0.80 in 2024–2025. This upward trend indicates a consistent improvement in the company’s investment performance. The increasing ROI suggests that the company is generating higher returns from its investments each year. It reflects better financial planning, efficient allocation of funds, and improved profitability.

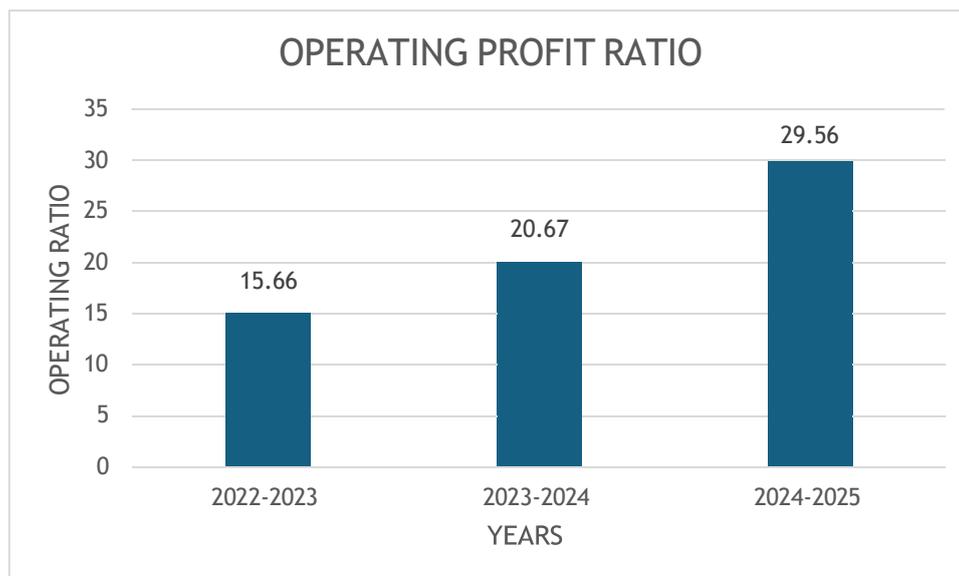
OPERATING PROFIT RATIO:

Operating Profit Ratio is a profitability ratio that measures the percentage of profit a business earns from its core operations before deducting interest and taxes.

$$\text{Operating Profit Ratio} = (\text{Operating Profit} / \text{Total income}) \times 100$$

$$\text{Operating profit} = \text{Total income} - \text{operating expenses}$$

YEARS	OPERATING PROFIT (in Rs.)	TOTAL INCOME (in Rs.)	OPERATING PROFIT RATIO
2022-2023	1200092	7661502	15.66
2023-2024	2616086	12652909	20.67
2024-2025	6350865	21481229	29.56



INTERPRETATION:

The Operating Profit Ratio shows a continuous increase over the three years. In 2022–2023, the ratio was 15.66%, which increased to 20.67% in 2023–2024, and further rose to 29.56% in 2024–2025. This indicates a steady improvement in operational efficiency and profitability. The company is generating a higher percentage of profit from its core operations each year. The rising trend suggests better cost control, increased income, and stronger overall financial performance during the study period.

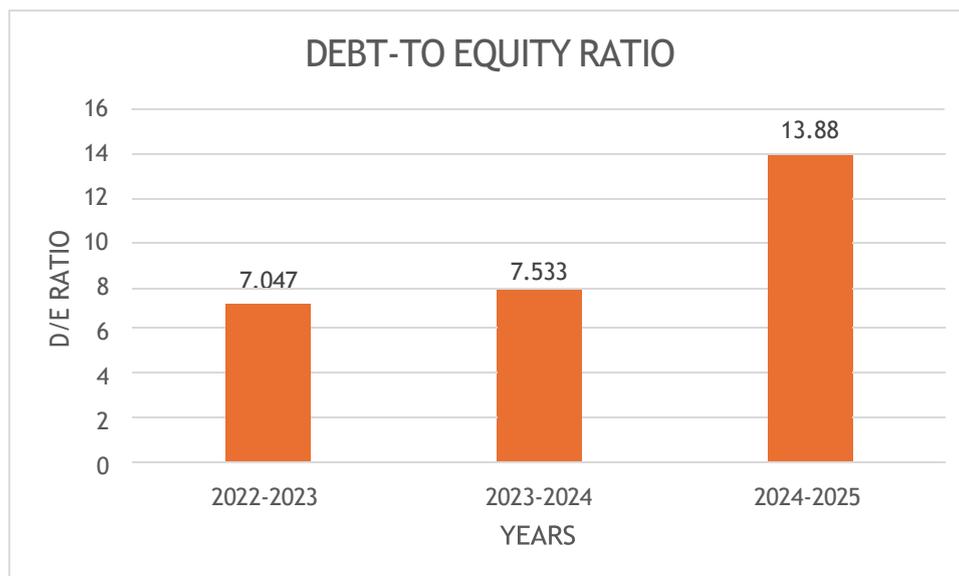
DEBT-TO-EQUITY RATIO:

In the banking sector, the Debt to Equity Ratio (D/E Ratio) measures the proportion of a bank's total liabilities (borrowed funds and deposits) in relation to its shareholders' equity.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Shareholders' Funds}}$$

$$\text{Shareholder's funds} = \text{share capital} + \text{Reserves \& surplus}$$

YEARS	TOTAL LIABILITIES (in Rs.)	SHAREHOLDER'S FUND (in Rs.)	DEBT-TO EQUITY RATIO
2022-2023	62923585	8929766	7.047
2023-2024	67268950	8929766	7.533
2024-2025	213682463	15390307	13.88



INTERPRETATION:

The ratio increased slightly from 7.04 to 7.53 in 2023–24, showing moderate growth in liabilities. However, in 2024–25, the ratio increased sharply to 13.88, indicating a significant rise in total liabilities compared to shareholders' funds.

FINDINGS:

- Total revenue has shown consistent year-on-year growth, with the highest increase in FY 2024-25.
- Account Management Services is the major contributor to overall revenue.
- AePS and DBT segments demonstrate strong and steady digital growth.
- Remittance income shows stable upward performance over the years.
- Citizen Services and Third-Party Distribution experienced minor fluctuations but improved in the latest year.

SUGGESTIONS:

- Strengthen high-growth segments like Account Management, AePS, and DBT.
- Improve Citizen Services through expansion of services and awareness programs.
- Expand third-party partnerships to increase commission-based income.
- Invest in digital infrastructure and technology for efficiency and security.
- Focus on cost control and rural outreach to ensure sustainable financial growth.

CONCLUSION:

The analysis clearly shows that IPPB's revenue model is diversified, growth-oriented, and aligned with financial inclusion objectives. The financial performance has improved significantly over the years, especially in FY 2024-25. With strategic improvements and continued digital expansion, IPPB has strong potential for sustainable future growth.

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