



Financial Evaluation of Selected Public and Private Sector Banks in India

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Abstract:

Banks are playing an important role for economic development and economic growth in the every Nation. Banks can be control over a large part of the supply of money in circulation. The banks are a financial intermediary between public and needy person. Banks are accepts deposits and use the deposits for lending activities. Banks are a fundamental component of the financial system and also active players in financial markets. Financial performance refers to the achievement of the bank in terms of profitability. The profitability of a bank denotes the efficiency with which a bank deploys its total resources to optimize its net profits and thus serve as an index to the degree of asset utilization and managerial effectiveness. In this paper ration analysis and 't' test is done for the performance evaluation of the selected public sector and private sector banks with the ratio analysis. They are grouped as follows ratio analysis. For this study five public sector banks and private sector banks are selected. The Indian banking system faces several difficult challenges. The selected public banks and private sector banks have performed well on the sources of growth rate and financial efficiency during the study period.

Keywords: *efficiency, profitability*

1. Introduction

All banks are working and managing finance related activities in the right way, those banks can be best but they cannot be good, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people. Banks are financial intermediary, they accepts deposits and channels use those deposits into lending activities. Banks are a basic ingredient of the financial system, and are also active role in financial markets. The basically role of a bank is to connect with everyone who have money, with those who seek money. The Banks are playing an important role for the economic developing and growing in the every nation. They have control over a large part of the supply of money in circulation. Through their influence over the volume of bank money, they can influence in nature and character of production in any country. Economic development is a dynamic and continuous process. Banks are the main stay of economic progress of a country, because the economic development highly depends upon the extent of mobilization of resources and investment, and on the operational efficiency of the various segments of the economy.

2. Review of literature

Dr. Shobhan Sen & Atul Kumar Paul. (2017). Banking sector has been under constant change so far policies and practices are concerned and more so after liberalization of economy. Recent announcement of demonetization and cashless economy in India has brought about a great change in this sector. This sector is also under regular Government monitoring in recent times. Since public sector banks are bent towards economic and social welfare of the country, private sector banks are more inclined towards profit earning although all these banks are under the governance of RBI. In this paper tries to highlight

the performance of banking sector and thereby tries to compare the performance in between public and private sector banks in India.

Rakesh Kumar, Dr. Bimal Anjum. (2017). Performance of Banking Sector in India -A comparative study of SBI, ICICI & CITI Bank, the banks play very important role in every country's economy. In India, no doubt banking sector plays significant role. After the new economic policy, banking sector growth rate is very high. Despite of 2008 recession almost every sector (Public, Private & Foreign) shows drastically change. The merger of weaker banks into larger banks and establishment of new banks have opened the competition level in this sector. Due to highly competitive environment, performance of banks also affected. In this paper highlights the performance of selected banks, i.e. SBI, ICICI & CITI Bank in India from 2013-14 to 2015-16 with the help of Capital Adequacy Ratio, Net Profit, Total Income & Total Expenditure. The study covered banks from Public, Private and Foreign sector.

Ranu Paliwal. (2017). "Performance analysis of selected public and private sector banks in India" moderate to banks are a fundamental component of the financial structure, and are also active players in financial markets. It plays a key role in mobilizing the nation's savings and in channelizing them into high investment priorities and better utilization of available resources. Contribution of banking industry is highly remarkable and is indispensable in a modern society. The banking industry like many other financial service industries is facing a hastily changing Market, new technologies, economic fears, ferocious competition, and especially more Demanding customers; and the changing environment has presented an unparalleled set of Challenges. It has become very mandatory to study and to make a comparative analysis of Public sector Banks and Private Sector banks. This study tries to analyses the performance of largest public sector bank and largest private sector bank. In this study paper taken four largest banks in terms of market capitalization SBI, BOB, HDFC and ICICI bank, period of study is from 2010-11 to 2015-16. The Performance of a bank is measured by a number of key indicators with reference to Total Deposits, Total Advances, Investment, Net Worth and Net Profit.

Sharma, G., & Sharma, D. (2017). "Comparison and Analysis of Profitability of Top Three Indian Private Sector Banks". That analyzed the profitability reflects about the performance of the banks. It is to the benefit of the banks to invest in profitable assets. The study tried to compare the top three private sector banks on the basis of some financial parameters. HDFC bank is found to be consistent on the basis of cost to income ratio and return on net worth. ANOVA has been used for the comparison purpose. The banks are found to be statistically different on the basis of two out of four financial parameters.

Palamalai, S. & Britto, J. (2017). "Analysis of Financial Performance of Selected Commercial Banks in India", Indicates that the present study attempts to evaluate the financial performance of selected Indian commercial banks for the period from 2012/13 to 2016/17. The study comprises 16 commercial banks, 11 representing public sector and 5 from private sector, and the financial performance of these banks are analyzed using the financial ratios. The study shows that the financial performance of private sector banks is relatively better than the public sector banks throughout the study period. Besides, the study examines the impact of liquidity, solvency and efficiency on the profitability of the selected Indian commercial banks by employing the panel data estimations, viz. the Fixed Effect and Random Effect models. The empirical results from the panel data estimations revealed that the liquidity ratio and solvency ratio, and the turnover ratio and solvency ratio are found to have positive and significant impact on the profitability of selected public sector and private sector banks, respectively, bearing testimony to the fact that profitability is a function of those ratios.

Sodhi, A. K., & Waraich, S. (2016). "Fundamental Analysis of Selected Public and Private Sector Banks in India". Moderate to fundamental analysis studies the various financial, economic and

industrial parameters that influence the risk-return of securities and helps in investment decision making. Banking companies have a strong shareholding foothold in the Indian economy and the stock markets. Fundamental analysis can help the shareholders by providing relevant information in terms of profitability and growth which can, in turn, help them to take informed investment decisions. With the help of fundamental analysis, investors can track the past performance, recent changes and future prospects of the banking sector. This research paper analyses the fundamentals of selected banking companies using independent financial parameters.

3. Research Methodology

3.1 Introduction

The core concept underlying research is its methodology. The methodology controls the study, dictates the acquisition of the data, and arranges them in logical relationships, sets up a means of refining the raw data, contrives an approach so that the meanings that lie below the surface of those data become manifest, and finally issue a conclusion or series of conclusions that lead to an expansion of knowledge. The entire process is a unified effort as well as an appreciation of its component parts.

3.2 Problem Statement

The problem statement studied is entitled, ‘Financial evaluation of selected public and private sector banks in India’. The present study focuses on the analysis of the performance of selected public sector banks and selected private sector banks India with the help of ratio and ‘t’ test.

3.3 Objectives of the Study

1. To understand the concept and mechanism of bank.
2. To analyze the financial position of selected public sector and private sector banks in India.
3. To offer suggestions for improving the performance of the public sector and private sector banks in India.

3.4 Ratio Formula

- | | |
|----------------------------------------------------|------------------------------------------------------------|
| (1) Ratio of Net Interest Margin to Total Assets = | $\frac{\text{Net Interest Margin}}{\text{Total Assets}}$ |
| (2) Ratio of Non Interest Income to Total Assets = | $\frac{\text{Non Interest Income}}{\text{Total Assets}}$ |
| (3) Ratio of Intermediation Cost to Total assets = | $\frac{\text{Intermediation Cost}}{\text{Total Assets}}$ |
| (4) Ratio of Wage Bill to Intermediation Cost = | $\frac{\text{Wage Bill}}{\text{Intermediation Cost}}$ |
| (5) Ratio of Wage Bill to Total Expenses = | $\frac{\text{Wage Bill}}{\text{Total Expenses}}$ |
| (6) Ratio of Wage Bill to Total Income = | $\frac{\text{Wage Bill}}{\text{Total Income}}$ |
| (7) Ratio of Burden to Total Assets = | $\frac{\text{Burden}}{\text{Total Assets}}$ |
| (8) Ratio of Burden to Interest Income = | $\frac{\text{Burden}}{\text{Interest Income}}$ |
| (9) Ratio of Operating Profit to Total Assets = | $\frac{\text{Operating Profit}}{\text{Total Assets}}$ |
| (10) Ratio of Cost of Deposits = | $\frac{\text{Interest paid on deposits}}{\text{deposits}}$ |

3.5 Scope of the Study

This study is undertaken to measure the performance evaluation of selected public sector banks and private sector banks. The study will provide details about the different ratios analyses of selected public and private sector banks. It is hoped that the result of this study will propose policy measures for the better performance of selected public and private sector banks in order to achieve the financial goals along with customer satisfaction.

3.6 Limitation of the Study

- The study is based on the analysis of the five years data only.
- The study fully depends on financial data collected from the published financial statements of banks. This study incorporates all the limitations that are inherent in the financial statements.
- The data for analysis is basically derived from financial statements. They are not adjusted for inflation.

4. Data Analyses

Table 1: Ratio of Net Interest Margin to Total Assets

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	2.83	2.07	2.10	3.10	1.77	2.84	3.95	2.58	2.24	3.83
2013-14	2.75	1.81	2.01	2.93	1.70	3.12	3.76	2.77	2.49	4.25
2014-15	2.69	1.84	1.88	2.74	1.80	3.08	3.79	2.95	2.56	3.98
2015-16	2.52	1.90	1.86	2.29	1.81	3.20	3.89	2.94	2.76	3.59
2016-17	2.29	1.94	1.86	2.08	1.80	3.01	3.84	2.82	2.70	3.79

Observation

The above table shows that the Ratio of Net Interest Margin to Total Assets of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of HDFC Bank is 3.95 percent and lower ratio of Corporation Bank is 1.77 percent. In the year 2013-14 higher ratio of Kotak Mahindra Bank is 4.25 percent and lower ratio of Corporation Bank is 1.70 percent. In the year 2014-15 higher ratio of Kotak Mahindra Bank is 3.98 percent and lower ratio of Corporation Bank is 1.80 percent. In the year 2015-16 higher ratio of HDFC Bank is 3.89 percent and lower ratio of Corporation Bank is 1.81 percent. In the year 2016-17 higher ratio of HDFC Bank is 3.84 percent and lower ratio of Corporation Bank is 1.80 percent.

Ho: “There is no significance difference in Ratio of Net Interest Margin to Total Assets between public banks and private banks.”

H₁: “There is significance difference in Ratio of Net Interest Margin to Total Assets between public banks and private banks.”

Table 2: “t” Test

Details	Public Banks	Private Banks
Mean	2.175069025	3.229152064
Variance	0.17087228	0.370270689
Observations	5	5
Hypothesized Mean Difference	0	
df	8	

t- Statistics	0.012535202	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.0125 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table 3: Ratio of Non Interest Income to Total Assets

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	1.02	0.66	0.58	0.88	0.83	1.92	1.71	1.55	1.27	1.39
2013-14	1.04	0.68	0.73	0.83	0.74	1.93	1.61	1.75	1.58	1.60
2014-15	1.10	0.62	0.56	0.98	0.66	1.81	1.52	1.88	1.50	1.91
2015-16	1.25	0.74	0.54	1.03	0.74	1.78	1.52	2.13	1.64	1.36
2016-17	1.31	0.97	0.97	1.24	1.25	1.94	1.42	2.53	1.93	1.62

Observation

The above table shows that the Ratio of Non Interest Income to Total Assets of selected public sector and private sector banks, in the year 2012-13 higher ratio of Axis Bank is 1.92 percent and lower ratio of Dena Bank is 0.58 percent. In the year 2013-14 higher ratio of Axis Bank is 1.93 percent and lower ratio of Bank of Baroda is 0.68 percent. In the year 2014-15 higher ratio of Kotak Mahindra Bank is 1.91 percent and lower ratio of Dena Bank is 0.56 percent. In the year 2015-16 higher ratio of ICICI Bank is 2.13 percent and lower ratio of Dena Bank is 0.54 percent. In the year 2016-17 higher ratio of ICICI Bank is 2.53 percent and lower ratio of Bank of Baroda and Dena Bank is 0.97 percent.

Ho: “There is no significance difference in Ratio of Non-Interest Income to Total Assets between public banks and private banks.”

H₁: “There is significance difference in Ratio of Non-Interest Income to Total Assets between public banks and private banks.”

Table: 4 - “t” Test

Details	Public Banks	Private Banks
Mean	0.87748143	1.713154611
Variance	0.036760745	0.038173099
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.000134187	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.0001 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 5 - Ratio of Intermediation Cost to Total Assets

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	1.87	1.09	1.15	1.71	1.03	2.03	2.81	1.68	1.35	2.64
2013-14	1.99	1.08	1.32	1.70	1.08	2.06	2.45	1.73	1.61	2.90
2014-15	1.89	1.07	1.42	1.74	1.12	1.99	2.37	1.78	1.68	3.07
2015-16	1.85	1.33	1.70	1.49	1.23	1.92	2.40	1.76	1.80	2.85
2016-17	1.72	1.34	1.75	1.30	1.25	2.03	2.28	1.91	1.91	2.62

Observation

The above table shows that the Ratio of Intermediation Cost to Total Assets of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of HDFC Bank is 2.81 percent and lower ratio of Corporation Bank is 1.03 percent. In the year 2013-14 higher ratio of Kotak Mahindra Bank is 2.90 percent and lower ratio of Bank of Baroda and Corporation Bank is 1.08 percent. In the year 2014-15 higher ratio of Kotak Mahindra Bank is 3.07 percent and lower ratio of Bank of Baroda is 1.07 percent. In the year 2015-16 higher ratio of Kotak Mahindra Bank is 2.85 percent and lower ratio of Corporation Bank is 1.23 percent. In the year 2016-17 higher ratio of Kotak Mahindra Bank is 2.62 percent and lower ratio of Corporation Bank is 1.25 percent.

Ho: "There is no significance difference in Ratio of Intermediation Cost to Total Assets between public banks and private banks."

H₁: "There is significance difference in Ratio of Intermediation Cost to Total Assets between public banks and private banks."

Table: 6- "T" Test

Details	Public Banks	Private Banks
Mean	1.448018922	2.144879988
Variance	0.089433822	0.233317304
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.025338534	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.0253 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 7 - Ratio of Wage Bill to Intermediation Cost

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	62.77	58.01	60.92	69.50	49.60	34.38	35.29	43.20	49.12	48.65
2013-14	62.99	58.00	60.99	69.72	49.76	32.93	34.70	40.94	44.83	46.10
2014-15	60.85	55.53	60.72	69.93	46.81	33.84	33.97	41.32	42.88	45.06

2015-16	60.11	55.79	63.84	64.44	47.69	33.42	33.58	39.44	43.57	51.48
2016-17	57.00	49.89	65.39	57.79	46.57	31.90	32.91	38.86	43.85	49.28

Observation

The above table shows that the Ratio of Wage Bill to Intermediation Cost of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of Punjab National Bank is 69.50 percent and lower ratio of Axis Bank is 34.38 percent. In the year 2013-14 higher ratio of Punjab National Bank is 69.72 percent and lower ratio of Axis Bank is 32.93 percent. In the year 2014-15 higher ratio of Punjab National Bank is 69.93 percent and lower ratio of Axis Bank is 33.84 percent. In the year 2015-16 higher ratio of Punjab National Bank is 64.44 percent and lower ratio of Axis Bank is 33.42 percent. In the year 2016-17 higher ratio of Dena Bank is 65.39 percent and lower ratio of Axis Bank is 31.90 percent.

H₀: “There is no significance difference in Ratio of Wage Bill to Intermediation Cost between public banks and private banks.”

H₁: “There is significance difference in Ratio of Wage Bill to Intermediation Cost between public banks and private banks.”

Table: 8- “T” Test

Details	Public Banks	Private Banks
Mean	58.58445775	40.21977341
Variance	49.57949895	42.39848305
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.002680958	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.0026 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 9- Ratio of Wage Bill to Total Expenses

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	17.57	11.57	10.13	16.12	7.12	9.73	13.01	11.05	8.85	15.26
2013-14	18.33	12.14	11.02	17.88	7.18	9.78	12.04	11.10	8.70	15.44
2014-15	17.30	11.38	11.00	18.23	6.56	10.23	11.86	11.43	9.45	16.75
2015-16	16.90	12.37	13.87	15.27	7.61	9.86	11.49	11.32	10.86	18.84
2016-17	16.54	12.21	14.78	13.01	7.97	10.07	11.60	12.15	12.24	18.22

Observation

The above table shows that the Ratio of Wage Bill to Total Expenses of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of State Bank of India is 17.57 percent and lower ratio of Corporation Bank is 7.12 percent. In the year 2013-14 higher ratio of State Bank of India

is 18.33 percent and lower ratio of Corporation Bank is 7.18 percent. In the year 2014-15 higher ratio of Punjab National Bank is 18.23 percent and lower ratio of Corporation Bank is 6.56 percent. In the year 2015-16 higher ratio of Kodak Mahindra Bank is 18.84 percent and lower ratio of Corporation Bank is 7.61 percent. In the year 2016-17 higher ratio of Kodak Mahindra Bank is 18.22 percent and lower ratio of Corporation Bank is 7.97 percent.

Ho: “There is no significance difference in Ratio of Wage Bill to Total Expenses between public banks and private banks.”

H₁: “There is significance difference in Ratio of Wage Bill to Total Expenses between public banks and private banks.”

Table: 10- “t” Test

Details	Public Banks	Private Banks
Mean	12.96208618	12.05413005
Variance	15.70035149	8.145178913
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.688511614	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.6885 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 11 – Ratio of Wage Bill to Total Income

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	13.55	8.88	8.29	12.31	5.85	7.05	9.46	8.04	6.86	11.68
2013-14	14.53	9.54	9.22	13.62	6.07	6.84	7.10	6.70	6.86	11.53
2014-15	13.45	9.00	9.72	14.05	5.62	7.10	8.27	7.75	7.19	12.48
2015-16	13.09	10.15	12.74	11.83	6.49	6.70	8.03	7.35	7.98	14.83
2016-17	12.56	9.47	12.98	9.64	6.40	6.92	7.95	7.78	8.77	13.07

Observation

The above table shows that the Ratio of Wage Bill to Total Income of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of State Bank of India is 13.55 percent and lower ratio of Corporation Bank is 5.85 percent. In the year 2013-14 higher ratio of State Bank of India is 14.53 percent and lower ratio of Corporation Bank is 6.07 percent. In the year 2014-15 higher ratio of Punjab National Bank is 14.05 percent and lower ratio of Corporation Bank is 5.62 percent. In the year 2015-16 higher ratio of Kodak Mahindra Bank is 14.83 percent and lower ratio of Corporation Bank is 6.49 percent. In the year 2016-17 higher ratio of Kodak Mahindra Bank is 13.07 percent and lower ratio of Corporation Bank is 6.40 percent.

Ho: “There is no significance difference in Ratio of Wage Bill to Total Income between public banks and private banks.”

H₁: “There is significance difference in Ratio of Wage Bill to Total Income between public banks and private banks.”

Table: 12- “t” Test

Details	Public Banks	Private Banks
Mean	10.36229384	8.664196165
Variance	8.101866374	5.437173395
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.33228629	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.3322 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 13 : Ratio of Burdens to Total Assets

Name of Banks	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	0.85	0.42	0.57	0.82	0.20	0.11	1.09	0.12	0.08	1.25
2013-14	0.96	0.41	0.59	0.87	0.34	0.13	0.84	-0.02	0.03	1.30
2014-15	0.79	0.46	0.86	0.76	0.46	0.18	0.85	-0.11	0.17	1.16
2015-16	0.60	0.58	1.16	0.46	0.49	0.14	0.88	-0.37	0.16	1.46
2016-17	0.41	0.37	0.79	0.06	0.00	0.08	0.86	-0.62	-0.02	1.00

Observation

The above table shows that the Ratio of Burden to Total Assets of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of Kotak Mahindra Bank is 1.25 percent and lower ratio of Yes Bank is 0.08 percent. In the year 2013-14 higher ratio of Kotak Mahindra Bank is 1.30 percent and lower ratio of ICICI Bank is -0.02 percent. In the year 2014-15 higher ratio of Kotak Mahindra Bank is 1.16 percent and lower ratio of ICICI Bank is -0.11 percent. In the year 2015-16 higher ratio of Kotak Mahindra Bank is 1.49 percent and lower ratio of ICICI Bank is -0.37 percent. In the year 2016-17 higher ratio of Kotak Mahindra Bank is 1.00 percent and lower ratio of ICICI Bank is -0.62 percent.

Ho: “There is no significance difference in Ratio of Burden to Total Assets between public banks and private banks.”

H₁: “There is significance difference in Ratio of Burden to Total Assets between public banks and private banks.”

Table: 14-“t” Test

Details	Public Banks	Private Banks
Mean	0.570537492	0.431725376
Variance	0.040419962	0.370800858
Observations	5	5

Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.641334653	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.6413 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 15- Ratio of Burden to Interest Income

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	11.07	6.58	7.24	9.43	2.54	1.34	12.50	1.66	0.93	13.04
2013-14	12.59	6.87	7.33	11.02	4.14	1.62	10.02	-0.27	0.28	13.04
2014-15	10.57	7.62	10.38	9.93	5.33	2.36	10.30	-1.39	2.06	12.62
2015-16	8.32	8.91	14.57	6.53	5.90	1.78	10.34	-5.00	1.95	17.45
2016-17	6.27	6.02	10.00	0.91	0.06	1.14	10.69	-8.77	-0.24	12.10

Observation

The above table shows that the Ratio of Burden to Interest Income of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of Kotak Mahindra Bank is 13.04 percent and lower ratio of Yes Bank is 0.93 percent. In the year 2013-14 higher ratio of Kotak Mahindra Bank is 13.04 percent and lower ratio of ICICI Bank is -0.27 percent. In the year 2014-15 higher ratio of Kotak Mahindra Bank is 12.62 percent and lower ratio of ICICI Bank is -1.39 percent. In the year 2015-16 higher ratio of Kotak Mahindra Bank is 17.45 percent and lower ratio of ICICI Bank is -5.00 percent. In the year 2016-17 higher ratio of Kotak Mahindra Bank is 12.10 percent and lower ratio of ICICI Bank is -8.77 percent.

Ho: “There is no significance difference in Ratio of Burden to Interest Income between public banks and private banks.”

H₁: “There is significance difference in Ratio of Burden to Interest Income between public banks and private banks.”

Table: 16 - “t” Test

Details	Public Banks	Private Banks
Mean	7.604588701	4.861956833
Variance	6.554316258	48.84674394
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.433850881	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.4338 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

and private banks.

Table: 17 - Ratio of Operating Profit to Total Assets

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	0.90	0.82	0.71	0.99	0.74	1.52	1.68	1.55	1.31	1.63
2013-14	0.61	0.69	0.44	0.61	0.25	1.62	1.72	1.65	1.48	1.72
2014-15	0.64	0.48	0.45	0.51	0.26	1.59	1.73	1.73	1.47	1.76
2015-16	0.44	-0.80	-0.70	-	-0.22	1.57	1.73	1.35	1.54	1.09
2016-17	0.39	0.20	-0.67	0.18	0.23	0.61	1.68	1.27	1.55	1.59

Observation

The above table shows that the Ratio of Operating Profit to Total Assets of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of HDFC Bank is 1.68 percent and lower ratio of Dena Bank is 0.71 percent. In the year 2013-14 higher ratio of HDFC Bank and Kotak Mahindra Bank is 1.72 percent and lower ratio of Corporation Bank is 0.25 percent. In the year 2014-15 higher ratio of Kotak Mahindra Bank is 1.76 percent and lower ratio of Dena Bank is 1.47 percent. In the year 2015-16 higher ratio of HDFC Bank is 1.73 percent and lower ratio of Bank of Baroda is -0.80 percent. In the year 2016-17 higher ratio of HDFC Bank is 1.68 percent and lower ratio of Dena Bank is -0.67 percent.

Ho: “There is no significance difference in Ratio of Operating Profit to Total Assets between public banks and private banks.”

H₁: “There is significance difference in Ratio of Operating Profit to Total Assets between public banks and private banks.”

Table: 18- “t” Test

Details	Public Banks	Private Banks
Mean	0.302048544	1.525954501
Variance	0.038769246	0.014723395
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	2.39E-06	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.5865 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

Table: 19- Ratio of Cost of Deposits

Years	Public Sector Banks					Private Sector Banks				
	SBI	BOB	Dena	PNB	Corp.	Axis	HDFC	ICICI	Yes	Kotak
2012-13	5.61	4.74	6.41	.651	6.68	5.94	5.51	5.77	6.82	6.56
2013-	5.59	4.43	6.46	5.59	6.85	5.50	5.19	5.38	7.57	6.46

14										
2014-15	5.65	4.47	6.89	5.51	7.37	5.31	5.22	5.61	7.17	6.12
2015-16	5.71	5.09	6.57	5.39	7.01	5.18	5.34	5.11	6.43	5.67
2016-17	5.16	4.45	6.33	4.81	6.40	4.74	4.87	4.67	5.74	5.23

Observation

The above table shows that the Ratio of Cost of Deposits of selected public sector banks and private sector banks, in the year 2012-13 higher ratio of Yes Bank is 6.82 percent and lower ratio of Bank of Baroda is 4.74 percent. In the year 2013-14 higher ratio of Yes Bank is 7.57 percent and lower ratio of Bank of Baroda is 4.43 percent. In the year 2014-15 higher ratio of Corporation Bank is 7.37 percent and lower ratio of Bank of Baroda is 4.47 percent. In the year 2015-16 higher ratio of Corporation Bank is 7.01 percent and lower ratio of Bank of Baroda is 5.09 percent. In the year 2016-17 higher ratio of Corporation Bank is 6.40 percent and lower ratio of Bank of Baroda is 4.45 percent.

Ho: "There is no significance difference in Ratio of Cost of Deposits between public banks and private banks."

H₁: "There is significance difference in Ratio of Cost of Deposits between public banks and private banks."

Table: 20 - "t" Test

Details	Public Banks	Private Banks
Mean	5.828005316	5.724403324
Variance	0.785428315	0.423911432
Observations	5	5
Hypothesized Mean Difference	0	
df	8	
t- Statistics	0.838420473	
t Critical two-tail	2.306004135	

From the above table, t – test is applied and we conclude that t calculate value is 0.8384 and t table value is 2.306, so we can say that here t calculate value is less than t table value. Hence the given hypothesis is accepted; i.e. there is no significance difference in cash deposit ratio between public banks and private banks.

5. Conclusion & Suggestion

5.1 Conclusion

The financial performance evaluation of the selected five public sector banks and five private sector banks is analyzed using ratio. The selected public sector and private sector banks are State Bank of India, Bank of Baroda, Dena Bank, Punjab National Bank, Corporation Bank, Axis Bank, HDFC Bank, ICICI Bank, Yes Bank, Kotak Mahindra Bank, in a position to follow the rules and regulation of the Government and Reserve Bank of India for the social and economic development of the country. The selected public and private sector banks have performed well on the sources of growth rate and financial efficiency during the study period but some banks performance has not well instead of other banks and some banks growth rate stable. The private sector banks performance and growth have vary well instead of public sector banks. The ratio of operating profit to total assets of privet sector bank is very well as compare to public sector banks, it means performance of private sector banks are good. Wage bill to intermediation cost ratio for private sector banks are lower than the public sector banks, it means expenses done for employees has been lower than the public sector banks.

5.2 Suggestion

Based on the analysis and observation, there are some of the general suggestions may be offered for the better performance of Public Sector Bank and Private Sector Banks.

- Public Sector Banks and Private sector banks should introduce modern marketing strategies.
- The Public Sector Banks must improve its Advance to deposit proportion.
- All banks Public Sector Banks as well as Private Sector Banks try to improve its operating profit.
- It should increase the rate of net interest to total assets.
- It should decrease the rate of wage bill to intermediation cost.
- Public Sector Banks and Private sector banks should be obey the norms of RBI and provide facilities as per the norms.
- It should decrease the rate of wage bill to total income.
- All banks should be tried to decrease the ratio cost of deposit.

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