

# A review on financial performance of private and public sector banks

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**Abstract:** Banks structure a principal part of the financial framework and are likewise dynamic parts in financial business sectors. A proficient financial framework equipped for activating the investment funds and directing them to gainful reasons for existing are fundamental for the advancement of any economy. The target of the examination is to analyses and think about the by and large financial execution of chosen public and private area banks in India. The examination depends on optional information that has been gathered from yearly reports of the individual banks, Reserve Bank of India site. Despite the fact that there was an expansion in productivity for both area banks the pace of development is higher for private area banks. Public area banks are slacking in numerous financial boundaries and they are confronting numerous difficulties moreover. It is reasoned that Public area banks should rethink their techniques by considering their qualities and shortcomings and the kind of market they are working in.

**Key Words:** Public Sector Banks, Private Sector Banks, net income, Operating Profit, Net Profit, Return on Assets.

## 1. INTRODUCTION:

Public area banks are the banks where the public authority has a significant holding. Private area banks are those banks where the value is held by private investors, i.e., there is no administration shareholding. Public area banks overwhelmed the Indian financial industry in the underlying stages. Financial area changes rolled out numerous improvements in the financial industry and private area keeps money with the assistance of cutting edge innovation and professionalized the executives accomplished a difficult position subsequently making an extraordinary danger to the public area banks.

### 1.1. OBJECTIVE OF THE STUDY:

The fundamental goal of the examination is to analysed and look at the general financial exhibition of chosen public area banks and private area banks in India.

The development of the financial business is firmly connected with the blooming of the general economy. The Indian soil has unquenchable potential for financial development and the examinations affirm its veracity in each regard. Being an enormous economy, this country consistently may stride ahead on the way of progress for the years yet to be conceived.

## 2. REVIEW OF LITERATURE:

Prasuna (2003) analysed the presentation of Indian banks by embracing the CAMEL Model. The presentation of 65 banks was read for the time frame 2003-04. The creator inferred that the opposition was intense and purchasers profited by better help quality, imaginative items and better deals.

Prasad et al., (2011) has assessed the exhibition of the financial area utilizing the CAMEL model for the time frame 2006-2010. The investigation has shown that Andhra Bank was at the top most position followed by Bank of Baroda and Indian Bank likewise it saw that Central Bank of India was at the base most position followed by UCO bank and Bank of Mysore.

Siva and Natarajan (2011) exactly tried the pertinence of CAMEL and its important effect on the presentation of SBI Groups. The examination found that CAMEL filtering causes the bank to analyze its financial wellbeing and caution the bank to make preventive strides for its maintainability.

Jha and Hui (2012) analyzed the financial execution of various possession organized business banks in Nepal. The outcome shows that public area banks are essentially less productive than their partner, anyway homegrown private banks are similarly effective to unfamiliar claimed (joint endeavor) banks.

Misra and Aspal (2013) examined the exhibition of the State Bank gathering and thought that there is no genuinely critical distinction between the CAMEL proportions. It implies that the general exhibition of the State Bank bunch is the same; this might be a direct result of selection of present day innovation, banking changes and recuperation system.

Biswal, B. P., and Gopalakrishnan, R. (2014). Here the creator looks at the elements and their impact on productivity in banks which is assessed by Net Interest Margin. By utilizing auxiliary information, the investigation characterizes banks working in India under high Credit Deposit proportion and low Credit Deposit proportion.

Chandran, D., and Francis, P. (2014). Here the creators in their examination have made an endeavor to analysed the connection between expansion rate and prime loaning rate in India. Examination of expansion with prime loaning paces of SBI and ICICI Bank with the assistance of instruments like relationship, relapse, and ANOVA. The outcomes showed that the loaning and swelling rates are contrarily connected.

Jaiswal, A., Jain, C (2016)- To consider the financial presentation among SBI and ICICI banks, the creator has thought about financial execution through proportion investigation as well as discovered the market position of the two banks.

Malhotra, N. (2015). Here the creator has clarified the financial sufficiency of the three banks SBI, ICICI and Standard Bank. The information utilized is auxiliary for the investigation. The examination brings about naming that development of resources is more in ICICI bank. The SBI shows development in advances and stores while standard diagrammed bank proficiently controls use also pay contrasted with different banks. The investigation proposes that SBI needs to improve its financial situation to coordinate with these two banks.

Prakash P., Sundararajan, S. (2016) The examination is quantitative insightful exploration with key and specialized investigation. Here the exploration depends on the auxiliary information and the devices utilized for investigation are Ratio examination, Beta Analysis ( $\beta$ ), Relative Strength Index (RSI) and Rate of Change (ROC).

Singh, A. K. (2015). The writer has directed investigation in examination of benefit position of private bank in India like AXIS, ICICI, Karur Vysa bank (KVB), YesBank and feature the general productivity of bank (i.e.) Interest spread, net revenue, return on long haul store, return on total assets and Return on resources, Adjusted money edge

Nimalathasan (2008) had done similar financial execution of banking area in Bangladesh. Optional information were utilized from the yearly reports of all banks during the financial year of 1999-2006. Tests of the investigation were drawn from all the parts of 48 planned banks working in Bangladesh. Out of these, 4 are nationalized, 5 are advancement financial organizations, 30 are neighborhood private business and 9 are unfamiliar business banks. Information were analysed utilizing CAMEL model. The examination found that banks in Bangladesh need to keep a base Capital Adequacy proportion of at the very least 9.0 percent of their danger - weighted resources. The examination had positioned various banks of Bangladesh as per NPLs proportion.

Webb and Kumbirai (2010) had gone through a financial proportion investigation of business bank execution in South Africa. The paper explores the presentation of South Africa business banking area and covers a time of 2005-09. financial proportions were utilized to quantify productivity, liquidity and credit quality execution of five enormous South African based business banks. The paper utilized enlightening financial proportions investigation to quantify and furthermore, t-test was likewise utilized to test the theory. The examination found that general bank execution expanded impressive in the initial two years of investigation. The investigation additionally found that worldwide financial emergency in 2007 brought about falling productivity, low liquidity and weakening credit quality in the South African financial area.

Moniska and Singla (2012) have made an exact investigation of execution assessment of private banks in India. The examination have been done to quantify the exhibition of private banks in India and to propose different measures for improving the presentation of banks. For this reason, information gathered from RBI gives an account of patterns and progress of banking in India and covers a period from 2007-11.18 private area banks were chosen for the examination and out of which, 11 are old private banks and 7 are new private banks. They utilized the CAMEL model for estimating execution of banks. For estimating the effectiveness of the board, benefit per worker and business per representative proportion were determined. The examination prescribed that the banks need to improve its CAR, Assets quality and Liquidity. They recommended that improvement credit banks should find a way to expand the executives effectiveness and limit.

Singh and Tandon (2012) had contemplated financial execution: A near investigation of SBI and ICICI banks. The goal of the paper was to consider the financial exhibition of SBI and ICICI banks and to think about the financial execution of SBI and ICICI banks. In their examination, an endeavor was made to gauge, assess and think about financial execution of the two banks. The examination depended on optional information that have been gathered from yearly reports of

### 3. CONCLUSION:

Financial sector changes have rolled out ideal improvements in the bank scenario. The assistance levels have been re-imagined alongside the expansion of exercises performed by banks. In spite of the fact that there was an increment in benefit for both area banks the pace of development is higher for private area banks. Public area banks are slacking in numerous monetary boundaries and they are confronting numerous difficulties too. However, their commitments to social viewpoints are likewise on the higher side which has an effect in the boundaries. Public area

banks should reclassify their methodologies by considering their qualities and shortcomings and the kind of market they are working with though private area banks should likewise consider need area loaning in its fullest structure alongside meeting cultural perspectives so that there exists a reasonable development for the business and for the country.

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