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FINANCIAL PERFORMANCE OF SELECTED SCHEDULED COMMERCIAL BANKS IN INDIA

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KEYWORDS :

1. INTRODUCTION

The banking industry in India is sufficiently capitalized and regulated. The economic and financial conditions here are better than in any other country. liquidity credit, and market studies have proven Indian banks to be resilient. They have negotiated the downturn in the global economy well. The Reserve Bank of India (RBI) is the topmost body monitoring the banking industry. Any shortcomings or discrepancies are dealt with by the RBI.

The banking industry in India is divided into scheduled and non-scheduled banks, 67,000 scheduled bank branches are in India. They consist of co operative banks and commercial banks. The PSBs (Public Sector banks) from the base of this sector in India. The account for 78% of assets in the banking sector. The Private Sector Bank is making headway. They are leading in mobile banking, phone banking, ATMs, and Internet Banking sectors.

The Public Sector Banking and Private Sector Banking of the industry include investment banking, retail, and private banking. Investment banking is a growing sector with more Indians looking to invest funds in mutual funds and stocks rather than the traditional fixed deposits and schemes. Hence, the study is an attempt to focus on the financial performance of selected scheduled commercial Banks in India.

2. LITERATURE REVIEW

Gopal and Dev (2006)[1] empirically analyzed the productivity and profitability of selected public and private sector banks in India. They evaluated the effect of globalization and liberalization on the productivity and profitability of Indian banks during the period 1996-97 to 2003-04. Interest spread emerged as the only strong factor influencing the profitability. A high degree of positive association between productivity and profitability during the study period speaks about the efficiency of the banks in utilizing their resources.

Pal and Malik (2007)[2] in their research examined the modifications in the financial individualities of public sector banks, private sector banks and foreign banks in India based on features, such as liquidity, risk, profitability, and efficiency. To find the changes, the multiple regression analysis was used on the sample of 74 Indian commercial banks comprising 23 foreign banks, 27 public sector banks and 24 private sector banks for the period 2000-05. The conclusions propose that foreign banks were better performers, as compared with the other two sets of banks, in general and in terms of application of resources in particular during the period decided for the study.

Dangwal and Kapoor (2010)[3] evaluated the "Financial Performance of Nationalized Banks in India" and assessed the growth index value of various parameters through overall profitability indices. The data for 19 nationalized banks, for the post – reform period from 2002-2003 to 2006-2007, was used to calculate the index of spread ratios, burden ratios, and profitability ratios. They found that while four banks had excellent performance, four attained fair performance, and six had poor performance.

Jha and Sarangi (2011)[4] analyzed the performance of seven public sector and private sectors bank for the year 2009-2010. They used ratio for analyzing the data. They found that Axis bank took the first position, followed by ICICI bank, BOI, SBI, IDBI and HDFC, in that order.

B.Diveyapriya and M. Revathibala (2012)[5] in their article entitled "Profitability Performance of SBI and HDFC – A Comparative Study" in this paper, an attempt was made to evaluate the financial performance of selected two banks namely, state bank of India (SBI) and HDFC Bank, through profitability ratios. The study found that the profitability of HDFC bank was higher as compared to SBI.

Dr. YogeshMaheswari (2013)[6] focused his study through his book titled "Banking Sector – Financial Analysis during Post Reform Era." In this paper an attempt has been made to review the performance of banking sector in India during post reform period. For this purpose, banks have been broadly categorized into four categories, foreign sector bank, private sector bank, nationalized banks, SBI and associates. A comparative appraisal of banks has been undertaken on the basis of four key indicators of financial performance namely return on investment, capital asset risk weighed ratio, business per employee, net profitability ratio. The analysis of the time will be from 1994 to 2005. It is found that through public sector banks have improved considerably and their performance is comparable with banks in other sector, yet they are lagging in trust areas such as business per employee, profitability and asset quality.

Radhanagasai and DR.Syedtabassumsultana (2013)[7] in the their study entitled "Financial Performance Analysis in Banking Sector -A Pre & Post Merger Perspective", evaluates the performance of the selected two banks based on the financial ratios from perspective of pre and post-merger. To analyze the impact of merger paired t- test was applied to the various financial ratios for before and after merger data. Based on the analysis of Indian overseas bank data, it can be concluded that net profit margin, operating profit margin, return on capital employed, return on equity and Debt. equity ratio there is significant difference but no significant difference with respect to gross profit margin. Based on the analysis of HDFC bank data it can be concluded that net profit margin, operating profit margin, return on capital employed, return on equity and dept. equity ratio there is no significant difference in these ratios before after merger. But significant difference is with respect with to Gross profit margin.

Dr. PartibhaGarg and SurabhiKumari (2015)[8] in his research study "An Empirical Analysis of Profitability Position of Selected Private Sector Banks in India" found out that profitability is the ability of a venture to be financially successful. This paper represents an empirical study which examines the profitability from different perspective of private banks in India with a data of 10 years from 2004 to 2014 and five major private banks have been considered as sample units. For this analytical study, the ratio of technique has been used for analysis and to test hypothesis single factor ANOVA (F-test) has been applied. The study reveals that HDFC bank remained an outperforming player over the last decade in the banking sector

with leading in the profitability from the different perspectives.

3. STATEMENT OF THE PROBLEM

The Indian bank management today is facing a two-faced challenge to improve their profitability on the one hand and to serve the public in new ways with greater efficiency and effectiveness on the other. In the noble task of fulfilling the socio – economic responsibilities, commercial volubility of the banking should not be ignored out of total expenses, an establishment expenses are a major expense which is met by scheduled commercial bank, particularly public-sector bank due to more number of employees, this expense should be met, and this puts an impact on the efficiency of commercial banks.

Profitability is the key performance parameters in banking sector, which reflects efficient utilization of all resources in an organization. The banks are now facing many challenges such as frequently changes in technology which required for modern banking, Straight Prudential norms, increasing capitation, working level of non-performing assets, raising customer expectations, increasing pressure on profitability, assets- liability management, liquidity and credit risk management, raising operating expenditure and shrinking in size of spread and so on. Keeping in this mind, the present study attempts to analyse the overall financial performance of selected scheduled commercial Banks in India.

4. SCOPE OF THE STUDY

The current study chose selected Public and Private sector commercial banks in India to evaluate the financial efficiency of banks. The Public-sector Banks Selected for this study are State Bank of India (SBI), Indian Punjab National Bank (PNB), Bank of Baroda (BOB) and Canara Bank (CB). The Private sector banks such as Housing Development Financial Corporation Bank (HDFC), Industrial Credit Investment Corporation of India (ICICI), Kotak Mahindra Bank (KMB) and AXIS Bank have been chosen for the study. The study covers on Profitability ratios includes Interest on spread, net profit margin, return on net worth, return on assets, balance sheet ratios includes Capital adequacy ratios and debt coverage ratios includes credit deposit ratios, cash deposit ratios.

5. OBJECTIVES OF THE STUDY

The major objective of the study is to analyse the financial performance of the selected Public and Private sector banks. The following are the specific objectives of the study.

1. To analyse the profitability performance of selected commercial banks in India.
2. To compare the overall financial performance of selected scheduled commercial banks by using profitability ratios, debt coverage ratios and balance sheet ratios.

6. HYPOTHESIS

Considering the above objectives, the following null hypotheses were formulated for testing:

1. There is no significant relationship between interests on spread among selected scheduled commercial banks in India.
2. There is no significant relationship between net profit margin of selected scheduled commercial banks in India.
3. There is no significant relationship between the return on net worth or return on equity of commercial banks in India.
4. There is no significant relationship between the return on assets of selected commercial banks in India.
5. There is no significant relationship between Capital Adequacy Ratio of selected secluded commercial banks in India.
6. There is no significant relationship between credit deposit ratio of selected scheduled commercial banks in India.
7. There is no significant relationship between cash deposit ratio of selected scheduled commercial banks in India.

7. PERIOD OF THE STUDY

The study covers a period of financial year from 2012- 2013 to 2016 – 2017

8. RESEARCH METHODOLOGY

8.1 Research Design

This present study is Analytical one

8.2 Sources of Data

The present study mainly based on secondary source of data like Reserve Bank of India, monthly bulletins, Annual report's, Money rediff, Money control, Journals, Books and website etc.

8.3 Sampling Design

A sample of eight banks i.e. four from public sector and four from private sector has been selected and the criteria is based on highest market capitalization generated by banks during 2017-2018. The banks matched under this criterion are State Bank of India, Bank of Baroda, Punjab National Bank and Canara Bank from public sector and HDFC Bank Ltd, ICICI bank Ltd, Kotak Mahindra Bank Ltd and Axis Bank Ltd.

8.4 Statistical Tools and Techniques

The purpose of analysis the 'Ratio Technique' has been applied. In this study various statistical tools are used like mean, standard deviation, and co-efficient of variation. Also, to test hypothesis 'Single factor ANOVA (F – test) is applied.

9. LIMITATION OF THE STUDY

- The study is based on secondary data collected from annual reports of various banks and related websites. The limitations of the secondary data and its findings depend entirely on the accuracy of such data.
- Various statistical tools extensively used for the present study have their own limitations.

This limitation of the study has in no way affected the accuracy of the data and consequently it has no adverse impact on the validity of the research findings or conclusions derived there from.

10. ANALYSIS AND INTERPERTATION

10.1 PROFITABILITY RATIOS

Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings compared to its expenses and other relevant costs incurred during specific time of period. It includes interest on spread, net profit margin, return on investment and return on assets.

10.1.1. INTEREST ON SPREAD

Interest on spread is the difference in borrowing and lending rates of financial institutions such as banks in nominal terms. It is considered analogous to the gross margin of non– financial companies.

Interest on spread % = Total interest income - total interest expenses / Average working fund

TABLE 1 INTEREST ON SPREAD

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	6.23	7.29	5.95	7.11	8.78	7.82	9.82	7.90	7.61
2013-14	6.09	6.95	5.35	6.30	8.01	7.35	9.52	7.67	7.16
2014-15	6.50	6.73	5.47	6.43	8.01	7.04	8.38	7.34	6.99
2015-16	6.17	6.26	6.33	6.79	7.52	6.83	7.86	6.81	6.82
2016-17	7.07	6.39	6.48	6.21	7.46	6.58	7.64	6.84	6.83
Mean	**6.41**	**6.72**	**5.91**	**6.56**	**7.96**	**7.12**	**8.64**	**7.31**	**7.08**
S. D	0.40	0.37	0.45	0.34	0.47	0.43	0.88	0.44	0.29
C.V	6.22	5.56	7.60	5.10	5.95	6.04	10.14	5.96	4.12

Source: www.rbi.org.in, www.manycontrol.com

Table 1 shows that the industry average on an aggregate basis remained 7.08, against which KMB highest mean value (8.64) and BOB has lowest value (5.91). Standard deviation of total interest and expenses to working fund of KMB has 0.88 with highest and

coefficient of variation of 10.14 percent Canara bank has standard deviation of 0.34 with low coefficient of variation of 5.10, implying Canara bank is consistent in managing and matching interest expenditure and interest income effectively.

TABLE 2 ANOVA RESULT OF INTEREST ON SPREAD

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	27.296	7	3.899429	12.80543	1.03E-07	2.312741
Within Groups	9.74444	32	0.304514			
Total	37.04044	39				

Table 2 shows the calculation of single factor ANOVA wherein, F-calculated (12.80) is greater than F- critical (2.31) leading to the assumption that the interest on spread of spread of the selected banks differ significantly.

10.1.2 NET PROFIT MARGIN

Net profit margin is the percentage of revenue left after all expenses have been deducted from sales. The measurement reveals the amount of profit that a business can extract from its total sales. A company may accrue revenue and expenses items to be following various accounting standards, but this may give an incorrect picture of its cashflows, thus a large depreciation expenses may result in a low net profit margin, even though cash flows are high.

Net profit margin % = Net profit / revenue

TABLE 3 NET PROFIT MARGIN

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	10.7	11.33	12.73	8.42	19.2	20.8	16.91	19.05	14.88
2013-14	7.49	7.73	11.66	6.16	20.6	22.20	17.13	20.29	14.16
2014-15	8.17	6.61	7.91	6.17	21.1	22.8	19.19	20.73	14.08
2015-16	5.51	-8.38	-12.24	-6.38	20.4	18.4	12.75	20.06	6.27
2016-17	0.10	2.8	3.27	2.71	21	18.1	19.27	8.26	9.44
Mean	**6.39**	**4.01**	**4.66**	**3.41**	**20.5**	**20.5**	**17.05**	**17.67**	**11.76**
S. D	3.97	6.77	9.08	5.23	0.68	1.90	2.37	4.74	3.36
C.V	62.12	168.49	194.60	153.02	3.33	9.31	13.89	26.82	28.54

Source: www.rbi.org.in , www.moneycontrol.com

Table 3 shows that the industry average on an aggregate basis remained 11.76%, against which HDFC and ICICI highest mean value & Canara bank has lowest bank value when compare to other banks, high average value represents high profitability of the bank. Standard deviation of net profit to revenue of BOB has 9.08 with highest coefficient of variation of 194.60, HDFC bank has low standard deviation of 0.68 with low coefficient of variation of 3.33 indicating more consistency in profit. The banking industry average of net profit margin on an aggregate basis remained 28.54% which show sound profitability of the industry.

TABLE 4 ANOVA RESULTS OF NET PROFIT MARGIN

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	2114.37	7	302.0528	9.648393	2.11E-06	2.312741
Within Groups	1001.793	32	31.30603			
Total	3116.163	39				

The calculations of one - way F-test (ANOVA) are shown in the table 4 that F calculated value (9.6483) is higher than F -critical (2.3127), indicating that there is a significant difference of net profit margin of the selected commercial banks.

10.1.3 RETURN ON NETWORTH

Return on net worth is sometimes called "return on equity". Return on equity is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders equity. The formula for ROE is

ROE = Net income / Shareholders Equity

TABLE 5 RETURN ON EQUITY OR RETURN ON NETWORTH

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	14.3	15.19	14.01	12.57	18.6	12.5	14.4	15.64	14.65
2013-14	9.61	9.69	12.61	10.10	19.5	13.4	12.24	16.26	12.93
2014-15	10.53	8.12	8.53	10.21	16.5	13.9	13.19	16.46	12.18
2015-16	6.82	-11.2	-13.42	-10.75	16.9	11.2	8.72	15.46	2.97
2016-17	0.13	3.47	3.43	3.96	16.3	10.1	12.35	6.59	7.04
Mean	**8.28**	**5.05**	**5.03**	**5.21**	**17.5**	**12.2**	**12.18**	**14.08**	**9.95**
S. D	5.29	8.95	9.93	8.48	1.27	1.40	1.89	3.76	4.32
C.V	63.85	177.05	197.39	162.47	7.25	11.44	15.56	26.73	43.37

Source: www.rbi.org.in , www.mineycontrol.com

Table -5 shows that the banking industry average on an aggregate basis remained 9.95% as against which HDFC bank has highest mean value and lowest mean value has BOB (5.03). Standard deviation of return on net worth is BOB has 9.93 with highest co efficient of variation of 197.39 and HDFC bank has standard deviation of 1.27 with low coefficient variation of 7.25%.

TABLE 6 ANOVA RESULT OF RETURN ON NETWORTH

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	790.7104	7	112.9586	2.456412	0.038994	2.312741
Within Groups	1471.527	32	45.98521			
Total	2262.237	39				

In table – 6 given above, since the F – Test ANOVA calculation, the calculated value of F (2.45) is greater than the F critical value (2.312) it concluded that there is a significant difference of return on net worth or return on equity.

10.1.4 RETURN ON ASSETS

Return on assets (ROA) is an importance performance indicator for measuring the performance of the banks. ROA is a profitability ratio and shows how profitable a bank is relative to its total assets. ROA also gives an idea as to how efficient management is at using its assets to generate earnings. ROA is the ratio of annual net income to average total assets of a business during the financial year.

ROA = Net income / Total assets *100

TABLE 7 RETURN ON ASSETS

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	1827.88	924.45	758.91	561.58	152.20	578.65	126.53	707.50	704.71
2013-14	1973.97	991.39	838.02	642.16	181.23	634.6	159.35	813.47	779.27
2014-15	216.71	210.72	180.13	670.44	247.39	138.72	183.09	188.47	254.46
2015-16	240.71	195.1	174.46	582.02	287.47	149.47	130.61	223.12	247.87
2016-17	280.52	196.65	174.92	563.97	349.12	166.37	150.01	232.83	264.30
Mean	**907.95**	**503.66**	**425.29**	**604.03**	**243.48**	**333.56**	**149.92**	**433.07**	**450.12**
S. D	908.21	371.54	305.73	44.17	71.16	223.83	20.54	269.82	239.53
C.V	100.03	73.77	71.89	7.31	29.23	67.10	13.70	62.30	53.21

Source: www.rbi.org.in , www.moneycontrol.com

Table 7 reveals that the highest value of mean has SBI (907.95) and lowest mean value has KMB (149.92). high average value represents high profitability of the bank. Standard deviation of net income to total assets of SBI (908.21) with highest co efficient of variation of 100.03. Kotak Mahindra bank has low standard deviation of 20.54 with low coefficient variation of 13.70 indicating more consistency in profit. The banking industry average of Net Income to Total assets on an aggregate basis remained 53.21%.

TABLE 8 ANOVA RESULTS OF RETURN ON ASSETS

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	1917426	7	273918	1.715796	0.140529	2.312741
Within Groups	5108636	32	159644.9			
Total	7026063	39				

The calculation on One – way F – test (ANOVA) are shown in the table 8. Here, the calculated (1.715) is lesser than F – critical value (2.312), indicating that there is a no significance difference of return on assets of the selected banks. Thus, the null hypothesis is accepted.

11. BALANCE SHEET RATIOS

Balance sheet ratios are financial metrics that determine relationships between different aspects of a company's financial position i.e. liquidity vs. solvency. They include only balance sheet items i.e. components of assets, liabilities and shareholders equity in their calculation.

11.1 CAPITAL ADEQUACY RATIO

The capital base of financial institutions facilitates deposits in forming their risk perception about the institution. It is ratio which determines the capacity of the banks in terms of meeting the liabilities and others. Capital adequacy ultimately determines how well financial institutions can cope with shock to their balance sheets.

The ratio considered under this category
CAR = Tier 1 capital + Tier 2 capital / Risk weighted assets

TABLE 9 CAPITAL ADEQUACY RATIO

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	12.92	12.72	13.3	12.4	16.8	18.74	16.05	17.00	14.99
2013-14	12.96	12.11	12.28	10.63	16.07	17.7	18.83	16.07	14.58
2014-15	12.00	12.89	12.6	10.56	16.79	17.02	17.17	15.09	14.27
2015-16	13.12	11.28	13.17	11.08	15.53	16.64	16.34	15.29	14.06
2016-17	13.11	11.66	13.17	12.86	14.6	17.39	16.77	14.95	14.31
Mean	**12.82**	**12.13**	**12.90**	**11.50**	**15.95**	**17.49**	**17.03**	**15.68**	**14.44**
S. D	0.47	0.61	0.39	0.95	0.83	0.72	0.98	0.77	0.32
C.V	3.65	5.04	3.06	8.22	5.20	4.09	5.73	4.88	2.23

Source: www.rbi.org.in, www.moneycontrol.com

Table 9 shows that the industry average an on aggregate basis remained 14.44, against which ICICI bank has highest mean value 17.49 and CANARA bank has lowest value (11.50). Standard deviation of capital adequacy ratio to Kotak Mahindra bank has 0.98 and Bank of Baroda has lowest Standard deviation (0.39). CANARA bank has highest coefficient of variation 8.22 and lowest coefficient of variation has BOB (3.06).

TABLE 10 ANOVA RESULTS OF CAPITAL ADEQUACY RATIO

Source of Variation	*SS*	*Df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	194.1209	7	27.73155	40.90569	3.38E-14	2.312741
Within Groups	21.69404	32	0.677939			
Total	215.8149	39				

Table – 10 shows the calculation of single factor ANOVA where in, F – calculated (40.90) is greater than F – critical (2.312) leading to the assumption that the capital adequacy ratio of selected scheduled commercial banks differ significantly.

12. DEBT COVERAGE RATIOS

The Debt coverage ratios is a measure of the cash flow available to pay current debt obligations. The ratio states net operating incomes as a multiple of debt obligations due within one year, including interest, Principal, sinking – fund and lease payments.

12.1 CREDIT DEPOSIT RATIOS

This ratio indicates the total advances as a proportion of total deposits. It indicates the deployment of bank resources by way of loans and advances. Table 4.13 discloses the credit deposit ratio of selected commercial banks in India.

TABLE 11 CREDIT DEPOSIT RATIOS

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	84.03	78.13	71.68	69.51	80.14	99.25	97.75	77.58	82.26
2013-14	85.71	78.06	69.54	69.95	81.79	100.71	92.18	80.03	82.25
2014-15	84.04	76.6	69.54	70.55	81.71	104.72	88.99	84.71	82.61
2015-16	82.72	75.19	68.13	68.66	83.24	105.08	86.57	91.1	82.59
2016-17	77.61	70.81	65.24	68.38	85.64	98.69	86.04	92.17	80.57
Mean	**82.82**	**75.75**	**68.82**	**69.41**	**82.50**	**101.69**	**90.30**	**85.11**	**82.05**
S. D	3.10	2.70	2.12	0.80	1.85	2.71	4.31	5.80	0.76
C.V	3.74	3.56	3.08	1.16	2.24	2.66	4.77	6.82	0.92

Source: www.rbi.org.in , www.momeycontrol.com
Table 11 shows that banking industry average on an aggregate basis remained 82.05, against which ICICI Bank has highest mean value (101.69) and BOB has lowest value (68.82). standard deviation of credit deposit ratio AXIS Bank has 5.80 with highest coefficient of variation of 6.82% and CANARA Bank has standard deviation of 0.80 with low coefficient of variation of (1.16%).

TABLE 12 ANOVA RESULTS OF CREDIT DEPOSIT RATIO

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	4191.69	7	598.81	46.115	6.12E-15	2.31274
Within Groups	415.528	32	12.985			
Total	4607.22	39				

Table 12 shows that calculation of single factor ANOVA wherein, F – calculated vale 46.115 is greater than F – critical (2.312) leading to the assumption that the credit deposit ratio of the selected banks differ significantly.

12.2 CASH DEPOSIT RATIOS

This ratio is calculated by dividing the total amount invested in approved securities with total assets. Approved securities include investments made in the state- associated/owned bodies like electricity corporations.

TABLE 13 CASH DEPOSIT RATIO

YEAR	SBI	PNB	BOB	CANARA	HDFC	ICICI	KMB	AXIS	Mean
2012-13	5.55	4.72	4.09	4.86	5.46	7.21	4.72	5.39	5.25
2013-14	5.88	4.76	3.08	4.84	6.02	6.54	4.68	5.97	5.22

2014-15	6.64	4.88	3.47	4.93	6.46	6.85	5.13	6.11	5.56
2015-16	7.08	4.81	3.71	4.47	5.77	6.74	5.07	6.2	5.48
2016-17	6.62	4.4	3.78	4.16	5.71	6.45	4.86	6.89	5.36
Mean	**6.35**	**4.71**	**3.62**	**4.65**	**5.88**	**6.75**	**4.89**	**6.11**	**5.37**
S. D	0.62	0.17	0.34	0.29	0.34	0.27	0.18	0.48	0.13
C.V	9.80	3.52	9.30	6.31	5.75	3.95	3.70	7.86	2.42

Source; www.rbi.org.in , www.moneycontrol.com

Table 13 shows that the banking industry average on an aggregate basis remained 5.37% as against which ICICI Bank has highest mean value & BOB has lowest value when compare to other banks implying that these banks are able cash deposits. Standard deviation of cash deposit ratio SBI Bank 0.62 is with high coefficient of variation of 9.80% and PNB has lowest ratio of (0.17) as Standard deviation with low coefficient of variation of 3.52%.

TABLE 14 ANOVA RESULT OF CASH DEPOSIT RATIO

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	39.627	7	5.6609	36.707	1.55E-13	2.31274
Within Groups	4.935	32	0.1542			
Total	44.562	39				

The above table 14 shows the calculation of a single factor ANOVA wherein, F- calculated value 36.707 is greater than F – critical (2.312) leading to the assumption that the cash deposit ratio of selected banks differ significantly.

CONCLUSION:

Banking sector in India has given a positive and encouraging response to the financial sector reforms. Entry of new private banks and foreign banks has shaken up public sector banks to competition. Ratio analysis is helpful for any shareholders, investors, creditor, banker or any who is concerned with the financial performance of the company. Single factor ANOVA technique helps in analysing the significance of study by comparing different ratios over a period which provides a good sense to the management of the company and shareholders. This result of this study reveals that ICICI Bank good performance of Balance sheet ratios and debt coverage ratios and next position of bank is HDFC Bank, SBI and Kotak Mahindra bank, performance well in profitability ratios.

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