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PHYSICAL AND FINANCIAL PERFORMANCE OF PUBLIC, PRIVATE AND FOREIGN BANKS IN INDIA

KEY WORDS: Public Sector Banks, Private Sector Banks, Foreign Banks, Deposits, Net Profit and NPA.

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ABSTRACT

Banks are the fundamental components of the financial system and are also active players in the financial markets. Therefore an efficient banking system is needed in mobilizing the savings and channeling them to productive purposes for the development of any economy. This paper attempts to analyze and compare the physical and financial performance of three banking sectors: Public, Private and Foreign banks using physical and financial quantities of inputs and comparing the revenue maximization of banks during 2009-10 to 2018-19.

INTRODUCTION

Public Sector Banks are the banks which are owned, managed and controlled by Central Government or State Government or any Local Authorities. Private sector banks are those banks which are owned, managed and controlled by private individuals. A foreign bank is one, which has its headquarters in a foreign country but operates in India as a private entity. These banks are under the obligation to follow the regulations of its home country as well as the country in which they are operating. Public sector banks dominated the Indian banking industry in the initial stages. Financial sector reforms made many changes in banking industry. The private sector banks advanced drastically with the help of technology and professionalized management and attained a challenging position thereby.

OBJECTIVE OF THE STUDY

The main objective of the study is to analyze and compare the physical and financial performance of public sector, private sector and foreign banks in India in terms of Branch Expansion, Deposits Mobilization, Sanction of Loans & Advances, Investment Management, Total Income, Net Profit, Non-Performing Assets, Credit Deposit Ratio and Investment Deposit Ratio and the like.

RESEARCH METHODOLOGY

Sources of Data

The study is based on secondary data. Secondary data have been collected from the trend and progress report of Reserve Bank of India.

Period of the Study

This research study covers a period of ten years i.e. from financial year 2009-2010 to 2018-2019.

Tools of Analysis

Some important statistical tools like Mean, SD, CV and CAGR are used to analyze and compare the physical and financial performance of public sector banks, private sector banks and foreign banks.

DATA ANALYSIS

Table No- 1
Sector -Wise Branch Expansion of Public Sector Banks, Private Sector Banks, Foreign Banks and All Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (No. of Branches)

Year	Public Sector Banks	Private Sector Banks	Foreign Banks	All SCB's
2009-10	58825 (85.06)	10027 (14.50)	308 (0.44)	69160 (100)
2010-11	62211 (83.92)	11602 (15.65)	317 (0.43)	74130 (100)
2011-12	70969 (83.24)	13970 (16.38)	323 (0.38)	85262 (100)
2012-13	75779 (82.27)	16001 (17.37)	334 (0.36)	92114 (100)
2013-14	83718 (81.73)	18393 (17.96)	315 (0.31)	102426 (100)
2014-15	86210 (80.94)	19986 (18.76)	316 (0.30)	106512 (100)
2015-16	89468 (78.07)	24814 (21.65)	319 (0.28)	114601(100)
2016-17	91417 (76.96)	27085 (22.80)	288 (0.24)	118790 (100)
2017-18	90949 (75.37)	29439 (24.40)	286 (0.24)	120674(100)
2018-19	92313 (75.67)	29378 (24.08)	299 (0.24)	121990 (100)
Mean	79741	20369	311	1005656
SD	12099.50	7739.99	15.34	19499.51
CV	15.17	38.00	4.94	19.39
CAGR	4.56	13.91	-0.33	6.51

Source: 1) RBI report on Trend and Progress of Banking in India from 2009-2010 to 2018-19

2) Statistical Tables Relating to Banks in India from 2009-2010 to 2018-19

Table - 1 shows physical performance of public, private, foreign and all scheduled commercial banks in terms of their growth in branch expansion for ten year period from 2009-10 to 2018-19. Based on the CAGR physical performance of private sector banks in terms of their branch expansion is much better than the physical performance of public sector and foreign banks, because the CAGR of the other two banking sectors is not impressive.

Table No - 2
Sector -Wise Total Deposits of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Rs. in crore)

Year	Public Sector Banks	Private Sector Banks	Foreign Banks	All SCB's
2009-10	3691802 (77.68)	822801 (17.31)	237853 (5.00)	4752456 (100)

2010-11	4372985 (77.86)	1002759 (17.85)	240689 (4.29)	5616533 (100)
2011-12	5002014 (77.51)	1174587 (18.20)	277063 (4.29)	6453664 (100)
2012-13	5745697 (77.34)	1395836 (18.79)	288000 (3.88)	7429533 (100)
2013-14	6589020 (77.22)	1591694 (18.65)	352481 (4.13)	8533195 (100)
2014-15	7193307 (76.26)	1834202 (19.45)	405169 (4.30)	9432678 (100)
2015-16	7486200 (74.17)	2147700 (21.28)	458800 (4.55)	10092700 (100)
2016-17	8077836 (72.72)	2564450 (23.09)	465528 (4.19)	11107814 (100)
2017-18	8262317 (70.06)	3013266 (25.55)	494901 (4.20)	11793576 (100)
2018-19	8486215 (66.10)	3770013 (29.36)	581857 (4.53)	12838085 (100)
Mean	6490739	193173	380234	8805023
SD	1706973	947176	119040.863	2721038.76
CV	26.299	49.032	31.307	30.903
CAGR	9.689	18.427	10.450	11.674

Source: 1) RBI report on Trend and Progress of Banking in India 2009-10 to 2018-19

2) Statistical Tables Relating to Banks in India 2010 to 2019

Table - 2 depicts the performance of public, private, foreign and all scheduled commercial banks in respect of their growth in the mobilization of deposits for ten year period from 2009-10 to 2018-19. Based on the CAGR physical performance of private sector banks in terms of the mobilization of deposits is much impressive than the physical performance of public sector and foreign banks in respect of the mobilization of their deposits, because the CAGR of private sector banks is much higher than the CAGR of public and foreign banks.

Table No - 3
Sector -Wise Loans and Advances of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Rs. in crore)

Year	Public Sector	Private Sector	Foreign Sector	All SCB's
2009-10	2701300 (77.25)	632494 (18.09)	163260 (4.67)	3497054 (100)
2010-11	3305632 (76.90)	797534 (18.55)	195539 (4.55)	4298705 (100)
2011-12	3878312 (76.43)	966418 (19.04)	229849 (4.53)	5074579 (100)
2012-13	4472774 (76.07)	1143249 (19.44)	263680 (4.48)	5879703 (100)
2013-14	5101142 (75.74)	1342935 (19.94)	291154 (4.32)	6735231 (100)
2014-15	5492406 (74.18)	1584170 (21.40)	327420 (4.42)	7403996 (100)
2015-16	5593600 (70.84)	1939300 (24.56)	363600 (4.60)	7896500 (100)
2016-17	5557231 (68.47)	2219475 (27.35)	332335 (4.09)	8116109 (100)
2017-18	5697350 (65.40)	2662753 (30.57)	351016 (4.03)	8711119 (100)
2018-19	5926286 (61.41)	3327328 (34.48)	396724 (4.11)	9650338 (100)
Mean	4772603	1661566	291458	6726333

SD	1127131	871173	76738.6	2000443
CV	23.617	52.431	26.329	29.740
CAGR	9.122	20.258	10.369	11.939

Source: 1) RBI report on Trend and Progress of Banking in India 2009-2010 to 20018-19

2) Statistical Tables Relating to Banks in India 2009-2010 to 20018-19

Table - 3 portrays growth in the loans and advances extended by public, private, foreign banks and all scheduled commercial banks for ten year period from 2009-10 to 2018-19. Based on the physical performance of private sector banks in terms of extending loans and advances to the needy is much impressive than the physical performance of public and foreign banks in respect of loans and advances to the needy.

Table No- 4
Sector -Wise Total Investment of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Rs. in crore)

Year	Public Sector	Private Sector	Foreign Sector	All SCB's
2009-10	1205783 (70.14)	354117 (20.60)	159286 (9.27)	1719186 (100)
2010-11	1328534 (69.34)	422020 (22.03)	165499 (8.64)	1916053 (100)
2011-12	1504076 (67.43)	525982 (23.58)	200489 (8.99)	2230547 (100)
2012-13	1759106 (67.31)	626106 (23.95)	228063 (8.72)	2613275 (100)
2013-14	1974189 (68.47)	648699 (22.50)	260456 (9.03)	2883344 (100)
2014-15	2147155 (69.34)	697187 (22.51)	252310 (8.15)	3096652 (100)
2015-16	2330423 (68.38)	796643 (23.38)	280908 (8.24)	3407974 (100)
2016-17	2554783 (70.00)	855101 (23.43)	239726 (6.57)	3649610 (100)
2017-18	2791884 (67.83)	1011814 (24.58)	312582 (7.59)	4116280 (100)
2018-19	2702386 (62.77)	1219517 (28.32)	383415 (8.90)	4305318 (100)
Mean	2029832	715719	248273	2993824
SD	571200	265276	67629.5	889318
CV	28.14	37.06	27.24	29.71
CAGR	9.38	14.73	10.25	10.74

Source: 1) RBI report on Trend and Progress of Banking in India 2009-2010 to 20018-19

2) Statistical Tables Relating to Banks in India 2009-2010 to 20018-19

Table - 4 shows the growth in the investments made by public, private, foreign and all scheduled commercial banks for ten year period from 2009-10 to 2018-19. The performance of private sector banks in terms of their total investment made over the study period is much impressive than the physical performance of public and foreign banks in terms of their total investments.

Table No- 5
Sector -Wise Total Income of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Rs. in crore)

Year	Public Sector	Private Sector	Foreign Sector	All SCB's
2009-10	354876 (71.77)	103229 (20.88)	36341 (7.35)	494446 (100)
2010-11	414183 (72.51)	117553 (20.58)	39494 (6.91)	571230 (100)
2011-12	535131 (72.16)	159603 (21.52)	46893 (6.32)	741627 (100)
2012-13	611656 (71.00)	196279 (22.79)	53460 (6.21)	861395 (100)
2013-14	685358 (70.71)	224610 (23.17)	59258 (6.11)	969226 (100)
2014-15	751782 (70.05)	255987 (23.85)	65416 (6.10)	1073184 (100)
2015-16	772544 (68.06)	297638 (26.22)	64856 (5.71)	1135038 (100)
2016-17	794066 (65.96)	342639 (28.46)	67183 (5.58)	1203887 (100)
2017-18	775113 (64.01)	372080 (30.73)	63670 (5.26)	1210863 (100)
2018-19	775804 (59.10)	467146 (35.58)	69821 (5.32)	1312771 (100)
Mean	647051	253676	56639.2	957367
SD	161983	117187	12003.9	281981
CV	25.034	46.195	21.194	29.454
CAGR	9.079	18.263	7.525	11.46

Source: 1) RBI report on Trend and Progress of Banking in India 2009-2010 to 20018-19 and

2) Statistical Tables Relating to Banks in India 2009-2010 to 20018-19

Table - 5 depicts the growth in the total income earned by public, private, foreign and all scheduled commercial banks for ten year period from 2009-10 to 2018-19. Based on CAGR the performance of private sector banks in terms of attaining total income is much impressive than the performance of public and foreign banks.

Table No-6
Sector -Wise Net Profit of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Rs. in crore)

Year	Public Sector	Private Sector	Foreign Sector	All SCB's
2009-10	39257 (68.74)	13111(22.96)	4741(8.30)	57109 (100)
2010-11	44901 (63.84)	17712(25.18)	7719(10.98)	70332 (100)
2011-12	49514 (60.64)	22718 (27.82)	9426 (11.54)	81658 (100)
2012-13	50583 (55.49)	28995 (31.81)	11586 (12.71)	91164 (100)
2013-14	37019 (45.76)	33754 (41.72)	10131 (12.52)	80904 (100)
2014-15	37540 (42.14)	38735 (43.48)	12803 (14.37)	89078 (100)
2015-16	-7993 (-18.10)	41314 (93.58)	10828 (24.53)	44149 (100)
2016-17	-11389 (-26.01)	42204 (96.40)	12965 (29.61)	43780 (100)
2017-18	-85371 (2.61)	41783 (127.64)	10853 (-33.15)	-32735 (100)
2018-19	-66608 (272.10)	27621 (112.83)	14507 (-59.26)	-24479 (100)
Mean	8745.3	30794.7	10555.9	50096
SD	50000.9	10518.7	2808.84	44855.09
CV	571.746	34.1576	26.609	89.538

CAGR	-206.05	8.631	13.232	-191.017
t-value	0.553**	9.258**	11.884**	3.532**

Source: 1) RBI report on Trend and Progress of Banking in India 2009-2010 to 20018-19

2) Statistical Tables Relating to Banks in India 2009-2010 to 20018-19

Table - 6 shows the growth in the net profit attained by public, private, foreign and all scheduled commercial banks for ten year period from 2009-10 to 2018-19. Based on CAGR the financial performance of foreign banks in terms of attaining net profit is much impressive than the financial performance of public and private sector banks in attaining their net profit.

Table No-7
Sector -Wise Non-Performing Assets of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Rs. in crore)

Year	Public Sector	Private Sector	Foreign Sector	All SCB's
2009-10	57301(70.04)	17384(21.25)	7125 (8.71)	81810 (100)
2010-11	71047 (75.52)	17971 (19.10)	5065 (5.38)	94083 (100)
2011-12	112489 (82.05)	18315 (13.36)	6292 (4.59)	137096(100)
2012-13	164462 (84.99)	21070 (10.89)	7977 (4.12)	193509 (100)
2013-14	227264 (86.29)	24542 (9.32)	11565 (4.39)	263371 (100)
2014-15	278467 (86.12)	34106 (10.55)	10761 (3.33)	323334 (100)
2015-16	539956 (88.24)	56186 (9.18)	15805 (2.58)	611947 (100)
2016-17	684733 (86.50)	93209 (11.78)	13629 (1.72)	791571 (100)
2017-18	895601 (86.22)	129335 (12.45)	13850 (1.33)	1038786(100)
2018-19	739541 (79.06)	183604 (19.63)	12242 (1.31)	935387 (100)
Mean	377086	59572.2	10431.1	447089
SD	309968	57700.7	3626.27	365436
CV	82.20	96.86	34.76	81.74
CAGR	32.87	29.94	6.199	31.09

Source: 1) RBI report on Trend and Progress of Banking in India 2009-2010 to 20018-19

2) Statistical Tables Relating to Banks in India 2009-2010 to 20018-19

Table -7 shows the managing/minimization of non-performing assets by public, private, foreign and all scheduled commercial banks over ten year period from 2009-10 to 2018-19. The performance of foreign banks in terms of managing/minimizing non-performing assets is much impressive than the performance of public and private sector banks in terms of managing/minimizing non-performing assets.

Table No-8
Sector -Wise Credit Deposit Ratio of Public Sector Banks, Private Sector Banks, Foreign Banks and all Scheduled Commercial Banks over ten year period from 2009-10 to 2018-19

(As on 31st March) (Percentage)

Year	Public Sector	Private Sector	Foreign Sector	All SCB's
2009-10	73.17	76.87	68.64	73.58
2010-11	75.59	79.53	81.24	76.54
2011-12	77.54	82.28	82.96	78.63
2012-13	77.85	81.90	91.56	79.14
2013-14	77.42	84.37	82.60	78.93
2014-15	76.12	86.36	80.85	78.32
2015-16	74.72	90.30	79.24	78.24
2016-17	68.78	86.54	71.39	73.03
2017-18	68.96	88.36	70.93	74.16
2018-19	69.83	88.26	68.18	75.42
Mean	73.998	84.477	77.759	76.599
SD	3.610	4.281	7.652	2.377
CV	4.879	5.067	9.840	3.104
CAGR	-0.518	1.547	-0.075	0.275

Source: 1) RBI report on Trend and Progress of Banking in India 2009-2010 to 2018-19

2) Statistical Tables Relating to Banks in India 2009-2010 to 2018-19

Table –8 portrays the performance of public, private, foreign and all scheduled commercial banks in utilizing their deposits over ten year period from 2009-10 to 2018-19. The performance of private sector banks is much impressive in the utilization of their deposits than the performance of public and foreign banks.

Conclusion:

The following are the inferences drawn out of the analysis made for each of the parameters considered for measuring the performance of each of the banking sectors on the basis of the data collected from the financial statements of each of the banking sectors for the ten year period from 2009-10 to 2018-19.

- The growth in the expansion of bank branches of private sector banks is progressive and impressive.
- The performance of private sector banks in the mobilization of deposits is much impressive than the performance of public sector banks and foreign banks.
- The growth in the data relating to loans and advances of private sector banks is more impressive than the growth in the loans and advances of public sector banks and foreign banks.
- The growth in investment made by private sector banks is much impressive than the growth in investments made by public sector and foreign banks.
- The performance of private sector banks is much impressive in attaining the total income than the public sector and foreign banks.
- The growth in the net profit attained by foreign banks is much impressive than the growth in the attainment of net profit by public sector and private sector banks.
- The performance of foreign banks in managing the non-performing assets is impressive than the performance of public and private sector banks in managing/minimizing non-performance assets.
- The growth in the credit- deposit ratio of private sector banks is progressive and impressive than the growth in the credit-deposit ratio of public sector foreign banks.

Having observed the performance of public, private and foreign banks in terms of their branch expansion, deposit mobilization, loans and advances, investments, total income attained, net profit attained, management of non-performing assets and credit-deposit ratio, it can finally be inferred that the performance of private sector banks is much impressive than the performance of public sector and foreign banks in terms of branch expansion, deposit mobilization, loans and advances, total investment, total income attained and credit-deposit ratio. Therefore, the public sector and foreign banks

shall pay much attention in expanding their bank branches, mobilizing deposits, loans and advances, in making more investments, total income and credit-deposit ratio. Whereas, the performance of foreign banks in attaining net profit and minimizing non-performing assets is much better than the public and private sector banks. Therefore, the public and private sector banks shall pay much attention in managing/minimizing their non-performing assets and increasing their net profits.

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