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Comparative study of public and private sector banks in India: An empirical analysis

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Abstract
Public sector banks and private sector banks is dominant player which have important role in growth of Indian economy. The Present research paper aimed to examine and compare the financial performance of selected public and private sector banks in India during 2009-10 to 2013-14. Data of public sector banks (Bank of Baroda, Punjab National Bank, Central bank of India) and private sector banks (ICICI bank, HDFC bank, Axis bank) for 5 years, has been collected from their official sites and annual report. This study is primarily based on secondary data and financial ratios are used. Some selected variables like Assets, Net profit, Interest expand, interest income, deposits are taken to known the financial positions of selected banks. The study found that overall performances of private sector banks are better than public sector banks.

Keywords: Net Profit, Return on assets, Profitability, Public Sector banks, Private sector banks.

1. Introduction
The Indian economy is now on the threshold of a major transformation, with expectations of policy initiatives being implemented. Positive business sentiments improved consumer confidence and more controlled inflation should help boost the economic growth. Higher spending on infrastructure, speedy implementation of projects and continuation of reforms will provide further impetus to growth. All these translates into a strong growth for banking sector too, as rapidly growing business turn to banks for their credit needs, thus helping them grow very fast. Also, with the advancements in technology, mobile and internet banking services have come to the fore. Banks in India are focusing more and more to provide better services to their clients and have also started upgrading their technology infrastructure, which can help improve customer experience as well as give banks a competitive edge (www.ibef.org). The operations of all the banks in India are controlled by the RBI. All the Indian banks are governed by the RBI. This governing body took over the reasonability of formally regulating the Indian banks in 1935. The reserve bank of India was announced as the official central authority for the smooth supervision of the banking industry in India. Banks in India are classified into 2 broad categories namely, Public sector banks and Private sector banks. Public sector banks are controlled and managed by the government of India. Public sector banks have been serving the nation for over centuries and well known for their affordable and quality services. The banking sector in India is mostly dominated by the public sector banks. The public sector banks in India alone account for about 78 percent of the total advances in the Indian banking industry. The concept of private banking was introduced about twenty years ago. These are the banks that do not have any government stakes. The private banks are accountable for a share of 18 percentage of the Indian banking industry. Private Banks have gained quite a strong foothold in the Indian banking industry over the last few years especially because of optimum use of technology (business maps of India).

2. Review of Literature
Jha and Sarangi (2011) [9] evaluated the performance of seven public sector and private sector banks for the year 2009-10. They used three sets of ratios, operating performance ratios, financial ratios and efficiency ratios. they found that Axis bank took the first position and followed by ICICI Bank, PNB, BOI, SBI, IDBI AND HDFC bank, in that order. (Jha & Sarangi, 2011) [9]

Dhanabhakyam and Kavitha stated that the Indian banking system faces several difficult challenges. The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period. The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes (Dhanabhakyam, 2012) [8].

Brinda Devi suggest that profitability ratios are employed by the management in order to assess how efficiently they carry on their business operations and also it is suggested for the entire bank to take effective steps to improve the operating efficiency of the business. (Devi, 2013) [7].

Ms. Sunita Sukhija in his paper examined the consistency of the profitability of the major private sector bank in India. For this purpose, she has been taken five year data from 2006 to 2010 and ratio analysis has been used to evaluate the profitability performance of private sector banks. They found that interest income and non-interest to total assets is maximized of TamilNadu Mercantile Bank Ltd and ratio of interest expended to total assets, non-interest expenses to total Assets and burden to total Assets is minimum subsequently HDFC bank, City Union Bank and Axis bank. (Sukhija, 2011) [14]

Brigham and Ehrhardt (2010) [4] stated “financial ratios are designed to help evaluate financial statements”. Financial ratios are used as a planning and control tool. Financial ratios analysis is used to evaluate the performance of an organization. It aims to determine the strong and weak points and its offers solutions by providing appropriate plans. (Brigham & Ehrhardt, 2010) [4]

Rohit Bansal (2014) [3] in his article researcher investigates performance of four private sector banks for the period of 2011 to 2014 and ratio analysis has been used to evaluate the profitability performance of selected banks. They found that HDFC and Federal has fairly stable asset turnover ratio which indicates its efficient utilization of resources in revenue generation and Federal has the best price earnings ratio among other banks. (Bansal, 2014) [3]

Singla HK in his paper “Financial performance of banks in India” has examined that how financial management plays a crucial role in the growth of banking. It is concerned with examining the profitability position of the selected sixteen banks of banker index for a period of six years (2001-2006). The study reveals that the profitability position was reasonable during the period of the study when compared with the previous years. Strong capital position and balance sheet place, banks in better position to deal with and absorb the economic constant over a period of time. (Singh, 2008) [13]

3. Objectives of the Study

- To study the financial position of selected public sector and private sector banks.
- To compare and highlight the overall profitability of banks with selected variables

4. Research Methodology

Data Collection

Three leading public sector banks (Bank of Baroda, Punjab National Bank, and Central bank of India) and three private sector banks (ICICI bank, HDFC bank and Axis bank) of India have been selected for this study. The data is purely based on secondary and the same has been collected from annual reports and official records of the banks.

Period of Study

This study covers the period of five years from 2009-10 to 2013-14

Data Analysis

The collected information has been tabulated, analyzed and interpretation has been arrived on the basis of statistical analysis. Data processing and analysis have been done both manually and by using computer. Tabular method and ratio analysis tools have been used.

Limitation of Study

The limitations of the study are

- The study is related to selected public sector and private sector banks.
- The study is based on the secondary data only and the same has been collected from the published annual reports and bank websites.
- The study is related to a period of five year from 2009-10 to 2013-14
- The study constraints on limited variables only (Deposit, Priority sector advances, Assets, Interest, Net Profit) for analyzing the performance of selected private sector banks and Public sector banks.

Variables of the Study

The following nine variables have been selected to analysis the profitability of selected banks

A. Return on Assets
B. Cash to Deposit Ratio
C. Credit to Deposit Ratio
D. Ratio to Term Deposit to Total Deposit
E. Ratio to Priority Sector to Total Advance
F. Ratio of Interest Income to Total Assets
G. Ratio of Non-Interest to Total Assets
H. Ratio of net Interest Margin
I. Interest expanded to total Assets

A. Return on Assets

The return on assets is the ratio of annual net income to total assets of a company during a financial year. It measures efficiency of the company in using its assets to generate net income. Higher values of the return on assets show that the company is more effectively managing its assets to produce greater amount of net income.

Table 1: Return on Assets Ratio (in %)

Year	Bob	Pnb	Cbi	Average of Psb*	Icici	Hdfc	Axis	Average of Pvt.Sb**
2013-14	0.69	0.61	0.44	0.58	1.65	1.72	1.62	1.66
2012-13	0.82	0.99	0.38	0.73	1.55	1.68	1.52	1.58
2011-12	1.12	1.06	0.23	0.80	1.36	1.53	1.49	1.46
2010-11	1.18	1.17	0.59	0.98	1.27	1.42	1.4	1.36
2009-10	1.11	1.32	0.58	1.00	1.11	1.33	1.39	1.27
Average	0.984	1.03	0.444	0.81	1.388	1.536	1.484	1.46
SD	0.2157	0.2658	0.1497	0.21	0.2161	0.1662	0.0944	0.15
CV	21.9215	25.8058	33.7311	27.15	15.5726	10.8217	6.3678	10.92

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

***Psb – Public Sector Bank, **Pvt. Sb – Private Sector Bank**

Table1 exhibits that bank wise average, standard deviation and coefficient of variation of return on assets of selected banks. The table shows the year wise return on assets ratio had been fluctuated over the period of study. BOB and PNB have been shown the decreasing trend and CBI has been shown fluctuating but decreasing trend over the period of study.PNB has highest average i.e. 1.03 and CBI has lowest average i.e. 0.444 among the selected PSB. Standard deviation of net income to total assets of CBI is 0.1497 which is more consistent as compared to PNB and BOB respectively 0.2658 and 0.2157. But in case of coefficient of variation BOB has better position (low CV – 21.9215) in compared to PNB and BOB. On the other hand, Private sector banks ICICI bank, HDFC bank and Axis bank have been shown increasing trend over the period of study. HDFC bank has highest average i.e. 1.536 and ICICI bank has lowest average i.e. 1.388 among the selected Pvt.SB. Standard deviation of net income to total assets of Axis bank is 0.0944 which is more consistent with low coefficient of variation by 6.3678 when compared to HDFC bank and ICICI bank. It reveals that private sector banks have got better position when compared to public sector banks in terms of return on assets ratio.

B. Cash to Deposit Ratio

The cash to deposit ratio is calculated as (cash in hand + balance with RBI)/ Total Deposits (Demand + Time Deposits). It helps understand how much cash banks maintain for each rupee of deposit they accept.

Table 2: Cash to Deposits Ratio (in %)

Year	Bob	Pnb	Cbi	Average Of Psb	Icici	Hdfc	Axis	Average Of Psb
2013-14	3.27	4.93	4.12	4.1066	6.57	6.90	6.07	6.5133
2012-13	2.84	4.57	6.00	4.47	6.51	4.94	5.86	5.77
2011-12	5.62	4.87	6.68	5..7233	8.01	6.08	4.87	6.32
2010-11	6.50	7.60	7.85	7.3166	9.26	12.03	7.34	9.5433
2009-10	5.62	7.35	10.49	7.82	13.62	9.25	6.71	9.86
Average	4.77	5.864	7.028	5.8873	8.794	7.84	6.17	7.6013
SD	1.6134	1.4795	2.3609	1.8179	2.9276	2.8255	0.9295	2.2276
CV	33.8248	25.2317	33.5928	30.8831	33.2916	36.0404	15.0664	28.1328

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 2 exhibits that bank wise average, standard deviation and coefficient of variation of cash to deposit ratio of selected banks. The table shows the year wise cash to deposit ratio had been fluctuated over the period of study. CBI has been shown the decreasing trend but PNB and BOB have been shown fluctuating but decreasing trend over the period of study. CBI has highest average i.e. 7.028 and BOB has lowest average i.e. 4.77 among the selected PSB. Standard deviation of cash in hand to total deposit of PNB is 1.4795 which is more consistent and low coefficient of variation i.e. 25.2317 as compared to BOB and CBI. On the other hand, Private sector bank, ICICI bank has been shown a decreasing trend but HDFC bank and Axis bank have been shown fluctuating but decreasing trend over the period of study. ICICI bank has highest average i.e. 8.794 and Axis bank has lowest average i.e. 6.17 among the selected Pvt.SB. Standard deviation of cash in hand to total deposit of Axis bank is 0.9295 which is more consistent and low coefficient of variation i.e. 15.0664 as compared to HDFC bank and ICICI bank. It has been found that private sector banks have got better position when compared to public sector banks in terms of cash to deposit ratio.

C. Credit to Deposit Ratio

It is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank’s core funds are being used for lending, the main banking activity. This is an important ratio as it conveys how much of each rupee of deposit is going towards credit markets (articles economic times). A higher ratio indicates the more reliance on deposits for lending and vice versa. This ratio serves as a useful measure to understand the systemic risks in the economy.

Table 3: Credit to Deposit Ratio (in %)

Year	Bob	Pnb	Cbi	Average of Psb	Icici	Hdfc	Axis	Average of Pvt.Sb
2013-14	69.79	77.38	73.86	73.6766	102.05	82.49	82.83	89.1233
2012-13	69.25	78.84	76.06	74.7166	99.19	80.92	78.12	86.0766
2011-12	74.66	77.39	75.2	75.75	99.3	79.21	77.13	85.2133
2010-11	74.86	77.37	72.32	74.85	95.9	77.21	75.25	82.7866
2009-10	72.54	74.84	65	70.7933	89.69	75.41	73.84	79.6466
Average	72.22	77.164	72.488	73.9573	97.226	79.048	77.434	84.5693
SD	2.6339	1.4448	4.4185	2.8324	4.7428	2.8280	3.4411	3.67069
CV	3.6471	1.8724	6.0955	3.8717	4.8781	3.5776	4.444	4.2999

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 3 exhibits that bank wise average, standard deviation and coefficient of variation of credit to deposit ratio of selected banks. The table shows the year wise Credit to deposit ratio has been fluctuated over the period of study. BOB has been shown fluctuating but decreasing trend except the PNB and CBI over the period of study. PNB has highest average i.e. 77.164 and BOB has lowest average i.e. 72.22 among the selected PSB. Standard deviation of total advances to total deposits of PNB is 1.4448 which is more consistent and low coefficient of variation i.e. 1.8724 as compared to BOB and CBI. On the other hand, Private sector bank such as, ICICI bank, HDFC bank and Axis bank have been shown increasing trend over the period of study. ICICI bank has highest average i.e. 97.226 and Axis bank has lowest average i.e. 77.434 credit to deposit ratio among the selected Pvt.SB. Standard deviation of total advances to total deposits of HDFC bank is 2.8280 which is more consistent and low coefficient of variation i.e. 3.5776 as compared to ICICI bank and Axis bank. It has been found that public sector banks has got better position when compared to private sector banks in terms of credit to deposit ratio during The period of study.

D. Ratio to Term Deposit to Total Deposit

Term deposit to total deposit ratio indicates that total proportion of term deposit in the total deposit. If the proportion of term deposit is more in total deposit that is not good for long term survival of any bank. Lowest ratio of term deposit to total deposit is favorable one.

Table 4: Ratio to Term Deposit to Total Deposit (in %)

Year	Bob	Pnb	Cbi	Average Of Psb	Icici	Hdfc	Axis	Average Of Pvt.Sb
2013-14	74.25	61.7	66.67	67.54	57.1	55.18	54.99	55.7566
2012-13	74.68	60.83	67.45	67.65	58.1	52.57	55.62	55.43
2011-12	73.1	64.66	66.73	68.16	56.55	51.6	58.46	55.5366
2010-11	71.32	61.55	64.83	65.9	59.94	47.3	58.9	55.83
2009-10	70.35	59.15	65.56	65.02	58.31	47.97	53.27	53.1833
Average	72.74	61.578	66.248	66.8553	58	50.924	56.248	55.057
SD	1.8642	1.9980	1.0415	1.6346	1.3021	3.2840	2.3859	2.3240
CV	2.5629	3.2447	1.5721	2.4599	2.2450	6.4488	4.2418	4.3119

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 4 exhibits that bank wise average, standard deviation and coefficient of variation of term deposit to total deposit ratio of selected banks. The table shows the year wise term deposit to total deposit ratio had been fluctuated over the period of study. BOB PNB and CBI have been shown fluctuating but increasing trend over the period of study. BOB has highest average i.e. 72.74 and PNB has lowest average i.e. 61.578 term deposit to total deposit ratio among the selected PSB. Standard deviation of term deposit to total deposits of CBI is 1.0415 which is more consistent and low coefficient of variation i.e. 1.5721 as compared to BOB and PNB. On the other hand Private sector bank, ICICI bank, HDFC bank and Axis bank have been shown fluctuating and increasing trend over the period of study. ICICI bank has highest average i.e. 56.248 and HDFC bank has lowest average i.e. 50.924 among the selected Pvt.SB. Standard deviation of term deposit to total deposits of ICICI bank is 1.3021 which is more consistent and low coefficient of variation i.e. 2.2450 as compared to HDFC bank and Axis bank. It is observed that overall position of selected public and private sector banks It has been found that private sector banks has got better position when compared to public sector banks in terms of credit to deposit ratio during the period of study

E. Ratio to Priority Sector Advances to Total Advances

This ratio tells about the total proportion of priority sector advances in the total advances. Priority Sector lending includes lending to those sectors that impact large sections of the population, the weaker sections and the sectors which are employment-intensive such as agriculture and tiny and small enterprises. The categories under priority sector includes agriculture, micro &smell enterprises, education, housing, export credit and others (rbi.org.in). This ratio indicates the contribution of banks in terms to boosts the domestic industry as well as rural economy as a whole.

Table 5: Ratio to Priority Sector Advances to Total Advances (in %)

Year	Bob	Pnb	Cbi	Average Of Psb	Icici	Hdfc	Axis	Average Of Pvt.Sb
2013-14	21.2	33.74	34.64	29.86	32.95	29.57	32.3	31.60
2012-13	24.21	30.04	29.09	27.78	32.31	32.01	29.06	31.12
2011-12	22.59	31.33	26.11	26.67	35.67	32.68	33.56	33.97
2010-11	24.01	32.48	31.23	29.24	35.76	34.24	33.61	34.53
2009-10	26.35	35.7	32.14	31.39	30.76	35.09	32.54	32.79
Average	23.672	32.658	30.642	28.99	33.49	32.718	32.214	32.80
SD	1.9272	2.1836	3.2218	2.44	2.1818	2.1421	1.8588	2.06
CV	8.1413	6.6864	10.5145	8.44	6.5149	6.5473	5.7704	6.27

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 5 exhibits that bank wise average, standard deviation and coefficient of variation of priority sector advances to total advances of selected banks. ICICI has highest average value and BOB has lowest value when compare to other banks. The table shows the year wise Priority sector advances to total advances ratio had been fluctuated over the period of study. CBI has been shown the fluctuating but increasing trend except the BOB and PNB over the period of study. CBI has highest average i.e. 32.658 and BOB has lowest average i.e. 23.672 among the selected PSB. Standard deviation of priority sector advances to total advances of BOB is 1.9272 which is more consistent as compared to BOB and CBI. But In case of coefficient of variation PNB has better position to other PSB banks. On the other hand Private sector bank, HDFC bank and Axis bank have been shown fluctuating but decreasing trend except the ICICI bank over the period of study. ICICI bank has highest average i.e. 33.49 and Axis bank has lowest average i.e. 32.214 among the selected Pvt.SB. Standard deviation of priority sector advances to total advances of Axis bank is 1.8588 which is more consistent and low coefficient of variation i.e. 5.7704 as compared to HDFC bank and ICICI bank. If we see overall position of selected public and private sector banks in terms of priority sector advances to total advances ratio then we would find that private sector banks has got better position when compared to public sector banks during the period of study

F. Ratio of Interest to Total Assets

This ratio shows how efficiently assets are used for generating interest income. Higher ratio is an indicator of efficient management of banks' total assets. It is calculated from dividing the interest earned by its total assets.

Table 6: Ratio of Interest Income to Total Assets (in %)

Year	Bob	Pnb	Cbi	Average of Psb	Icici	Hdfc	Axis	Average of Pvt. Sb
2013-14	5.9	7.85	8.44	7.39	7.43	8.36	8	7.93
2012-13	6.43	8.75	8.15	7.77	7.46	8.76	7.98	8.06
2011-12	6.63	9.14	8.33	8.03	7.08	8.07	7.7	7.61
2010-11	6.1	7.13	7.25	6.82	6.39	7.18	6.24	6.60
2009-10	6	7.24	6.6	6.61	7.07	7.27	6.51	6.95
Average	6.212	8.022	7.754	7.32	7.086	7.928	7.286	7.43
SD	0.3070	0.8967	0.7976	0.66	0.4309	0.6876	0.8454	0.65
CV	4.9425	11.1787	10.2868	8.80	6.0819	8.6737	11.6037	8.78

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 6 exhibits that bank wise average, standard deviation and coefficient of variation of interest income to total assets of selected banks. Table shows the year wise Interest income to total assets ratio had been fluctuated over the period of study. CBI and PNB have shown the fluctuating but increasing trend except the BOB and PNB over the period of study. PNB has highest average i.e. 8.022 and BOB has lowest average i.e. 6.212 among the selected PSB. Standard deviation of interest income to total assets of BOB is 0.3070 which is more consistent and low coefficient of variation i.e. 4.9425 as compared to PNB and CBI. On the other hand Private sector bank, ICICI bank, HDFC bank and Axis bank have been shown fluctuating but increasing trend over the period of study. HDFC bank has highest average i.e. 7.928 followed by Axis bank and ICICI bank 7.286 and 7.086 respectively. Standard deviation of interest income to total assets of ICICI bank is 0.4309 which is more consistent with low coefficient of variation i.e.6.0819 as compared to HDFC bank and Axis bank. If we see overall position of selected public and private sector banks in terms interest income to total assets ratio then private sector banks has got better position when compared to public sector banks during the period of study

G. Ratio of Non-Interest Income to Total Assets

This ratio shows how efficiently assets are used for generating interest income. The higher ratio is an indicator of efficient management of banks' total assets (Pandya, 2014) [10]. It is calculated from dividing the interest earned by its total assets.

Table 7: Ratio of Non-Interest Income to Total Assets (in %)

Year	Bob	Pnb	Cbi	Average of Psb	Icici	Hdfc	Axis	Average of Pvt. Sb
2013-14	0.67	0.83	0.66	0.72	1.75	0.16	2.01	1.30
2012-13	0.66	0.88	0.62	0.72	1.55	0.17	1.92	1.21
2011-12	0.77	0.92	0.61	0.76	1.58	1.55	1.89	1.67
2010-11	0.78	0.95	0.6	0.77	1.63	1.56	1.91	1.70
2009-10	1.01	1.2	0.94	1.05	2.18	1.71	2.18	2.02
Average	0.778	0.956	0.686	0.80	1.738	1.03	1.982	1.58
SD	0.1409	0.1436	0.1438	0.14	0.2585	0.7921	0.1198	0.39
CV	18.1183	15.0242	20.9628	18.03	14.8787	76.9107	6.0481	32.61

Source: Calculated From the Annual Report of Respective Banks (2009-10 to 2013-14)

Table 7 exhibits that bank wise average, standard deviation and coefficient of variation non-interest income to total assets of selected banks. Table shows the year wise Non Interest income to total assets ratio had been fluctuated over the period of study. BOB, PNB, CBI have been shown the fluctuating but decreasing trend over the period of study. PNB has highest average i.e. 0.956 and CBI has lowest average i.e. 0.686 among the selected PSB. Standard deviation of no-interest income to total assets of BOB is 0.1409 which is more consistent as compared to PNB and CBI but in case of coefficient of variation PNB has better position in comparison to other PSB. On the other hand Private sector banks, ICICI bank HDFC bank and Axis bank have been shown fluctuating but decreasing trend over the period of study. Axis bank has highest average i.e. 1.982 followed by ICICI and HDFC bank 1.738, 1.03 respectively. Standard deviation of non-interest income to total assets of Axis bank has 0.1198 more consistent with low coefficient of variation i.e. 6.0481 as compared to HDFC bank and Axis bank. If we see overall position of selected public and private sector banks in terms non-interest income to total assets ratio then private sector banks has got better position when compared to public sector banks during the period of study

H. Ratio of Net Interest Margin

More earned interest and less interest paid indicates higher ratio which is favorable. The net interest margin is generating through the use of total assets of banks. It is calculated form dividing the (interest earned-Interest paid) by its total assets (Pandya, 2014) [10]. More the ratio indicates good financial strength of any bank

Table 8: Ratio of Net Interest Margin (in %)

Year	Bob	Pnb	Cbi	Average of Psb	Icici	Hdfc	Axis	Average of Pvt. Sb
2013-14	1.81	2.93	2.24	2.32	2.77	3.76	3.12	3.21
2012-13	2.07	3.1	2.13	2.43	2.58	3.95	2.84	3.12
2011-12	2.31	2.93	2.25	2.49	2.26	3.64	2.8	2.9
2010-11	2.46	3.12	2.54	2.70	2.27	3.8	2.7	2.92
2009-10	2.13	2.87	1.39	2.13	2.23	3.77	2.77	2.92
Average	2.156	2.99	2.11	2.41	2.422	3.784	2.846	3.017
SD	0.2469	0.1124	0.4301	0.26	0.2409	0.1110	0.1614	0.17
CV	11.4536	3.7616	20.3874	11.86	9.9495	2.9344	5.6743	6.18

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 8 reveals that bank wise average, standard deviation and coefficient of variation of Net interest margin of selected banks. Table shows the year wise net interest income to total assets ratio had been fluctuated over the period of study. CBI and PNB have been shown the fluctuating but increasing trend except the BOB over the period of study. PNB has highest average i.e. 2.99 and CBI has lowest average i.e. 2.11 among the selected PSB. Standard deviation of net-interest margin of PNB is 0.1124 which is more consistent with low coefficient of variation i.e. 3.7616 as compared to BOB and CBI. On the other hand Private sector bank, ICICI bank HDFC bank and Axis bank have been shown fluctuating but increasing trend over the period of study. HDFC bank has highest average i.e. 3.784 followed by Axis bank and ICICI bank 2.846, 2.422 respectively. Standard deviation of net interest margin of HDFC bank is 0.1110 which is more consistent with low coefficient of variation i.e.2.9344 as compared to ICICI bank and Axis bank. It is observed that overall position of selected public and private sector banks in terms of net interest margin ratio, private sector banks has got better position when compared to public sector banks during the period of study

I. Interest Expanded to Total Assets

The ratio of interest expended as a percentage of total assets shows the rate at which a private bank incurs expenditure by borrowing funds. It is calculated from dividing total interest expand by its total assets. Less interest expanded to total assets ratio is favorable to bank

Table 9: Interest Expanded to Total Assets (in %)

Year	Bob	Pnb	Cbi	Average of Psb	Icici	Hdfc	Axis	Average of Pvt. Sb
2013-14	4.09	4.92	6.19	5.06	4.66	4.6	4.84	4.7
2012-13	4.36	5.64	6.01	5.33	4.88	4.8	5.14	4.94
2011-12	4.32	5.03	6.08	5.14	4.81	4.43	4.89	4.71
2010-11	3.65	4.01	4.72	4.12	4.17	3.38	3.53	3.69
2009-10	3.86	4.36	5.21	4.47	4.84	3.5	3.67	4.00
Average	4.056	4.792	5.642	4.83	4.672	4.142	4.414	4.40
SD	0.3027	0.6305	0.6450	0.52	0.2926	0.6554	0.7533	0.56
CV	7.4631	13.158	11.4327	10.68	6.2648	15.8245	17.0671	13.05

Source: Calculated from the Annual Report of respective banks (2009-10 to 2013-14)

Table 9 exhibits that bank wise average, standard deviation and coefficient of variation of interest expanded to total assets of selected banks. Table 9 shows the year wise interest expanded to total assets ratio had been fluctuated over the period of study. CBI, BOB, PNB have been shown the fluctuating but increasing trend over the period of study. CBI has highest average i.e. 5.642 and BOB has lowest average i.e. 4.056 among the selected PSB. Standard deviation of interest income to total assets of BOB is 0.3027 which is more consistent with low coefficient of variation i.e. 7.4631 as compared to PNB and CBI. On the other hand Private sector bank, HDFC bank and Axis bank have been shown fluctuating but increasing trend but ICICI bank has control their expenses over the period of study. ICICI bank has highest average i.e. 4.672 followed by Axis bank and HDFC bank 4.414, 4.142 respectively. Standard deviation of interest expanded to total assets of ICICI bank is 0.2926 which is more consistent with low coefficient of variation i.e.6.2648 as compared to HDFC bank and Axis bank. It is observed that overall position of selected public and private sector banks in terms of interest expanded to total assets ratio, private sector banks has got better position when compared to public sector banks during the period of study

5. Conclusion and Finding

The financial performance of selected public sector and private sector banks analysis using different parameters. The selected public sector banks that are Bank of Baroda, Punjab National Bank and Central Bank of India and Private sector banks are ICICI bank, HDFC bank and Axis Bank. During the study, it is found that earning capacity of PNB is better than BOB and CBI. In private sector banks, earning capacity of HDFC bank is better than Axis bank and ICICI bank. Return on assets ratio of PNB and HDFC bank is higher respectively in public sector bank and private sector bank. Credit to deposit ratio of PNB(77.164) indicated that it has utilized well their core funds by lending and investing funds in comparisons to other PSB but on contrary ICICI bank ratio indicates that it has utilized their core funds efficiently and more than PNB. But ratio of ICICI bank (97.266) also indicates that bank does not have enough fund in hand for contingencies. It was found that private sector banks were better utilized the available resources such as assets, deposits, advances, and investments. It was also observed in the study that public sector banks have not been utilized their resources optimally. Hence it is necessary for public sector banks to pay more attention on improve their productivity/efficiency of employee by training, incentive and proper management.

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