



2

## A STUDY OF FINANCIAL PERFORMANCE: A COMPARATIVE ANALYSIS OF PUBLIC SECTOR AND PRIVATE SECTOR BANK

Pratibha A. Bafekar  
Nashik, Dist. Nashik

### Research Paper - Economics

#### ABSTRACT

Banking Sector plays an important role in economic development of a country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. The purpose of the study is to examine the financial performance of SBI and ICICI Bank, public sector and private sector respectively. The State Bank of India, popularly known as SBI is one of the leading bank of public sector in India. SBI has 14 Local Head Offices and 57 Zonal Offices located at important cities throughout the country. ICICI Bank is second largest and leading bank of private sector in India. The Bank has 2,533 branches and 6,800 ATMs in India. The present study is conducted to compare the financial performance of SBI and ICICI Bank on the basis of ratios such as credit deposit, net profit etc. The period of study taken is from the year 2007-08 to 2011-12. The study found that SBI is performing well and financially sound than ICICI Bank but in context of deposits and expenditure ICICI bank has better managing efficiency than SBI.

KEYWORDS: Deposit, ICICI, Advances, SBI.

## INTRODUCTION:

An efficient banking system is recognized as basic requirement for the economic development of any economy. Banks mobilize the savings of community into productive channels. The banking system of India is featured by a large network of bank branches, serving many kinds of financial needs of the people.

The State Bank of India, popularly known as SBI is one of the leading banks in India. The State Bank Group, with over 16,000 branches provides a wide range of banking products through its vast network of branches in India and overseas, including products aimed at Non-Resident Indians (NRIs). The headquarter of SBI is at Mumbai. SBI has 14 Local Head Offices and 57 Zonal Offices that are located at important cities throughout the country. It also has around 130 branches out of the country.

ICICI Bank is second largest and leading bank of private sector in India. It's headquarter is in Mumbai, India. According to Forbes State Bank of India is the 29th most reputed company in the world. The Bank has 2,533 branches and 6,800 ATMs in India. In 1998 ICICI Bank launched internet banking operations. The Bank offers a wide range of banking products and financial services to the corporate and retail customers. It also provides services in the areas of venture capital investment banking, asset management and life and non-life insurance. ICICI Bank's equity shares are listed in India on Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and the American Depositary Receipts (ADRs) are also listed on the New York Stock Exchange (NYSE). ICICI Bank limited is major banking and financial services organization in India. The bank is the second largest bank in India and the largest private sector bank in India by market capitalization.

## OBJECTIVE OF THE STUDY:

To compare the financial performance of SBI and ICICI Bank.

## RESEARCH METHODOLOGY:

The study is based on secondary data that has been collected from annual reports of the respective banks, magazines, journals, documents and other published information. The study covers the period of 5 years i.e. from year 2007-08 to year 2011-12. Ratio Analysis was applied to analyze and compare the trends in banking business and financial



performance. Mean and Compound Growth Rate (CGR) have also been deployed to analyze the trends in banking business profitability.

#### LIMITATION OF THE STUDY:

The limitations of the study are:

The study is based on the secondary data and the limitation of using secondary data may affect the results.

The secondary data was taken from the annual reports of the SBI and ICICI Bank. It may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the banks.

#### DEPOSITS:

Deposit is the amount accepted by bank from the savers in the form of current deposits, savings deposits and fixed deposits and interest is paid to them

TABLE I  
TOTAL DEPOSITS OF SBI AND ICICI (IN CRORES)

YEAR	SBI		ICICI	
	DEPOSITS	% CHANGE	DEPOSITS	% CHANGE
2007-08	537,403.94	.....	244,431.05	.....
2008-09	742,073.13	38.08%	218,347.82	-10.6%
2009-10	804,116.23	8.36%	202,016.60	-7.47%
2010-11	933,932.81	16.14	225,602.11	11.6%
2011-12	1,04,647.36	11.7%	255,499.96	13.97%

Source: Annual Reports of SBI and ICICI from 2007-08 to 2011-12

Table 1.1 presents that the per cent Change in Deposits over the period of 5 years. In case of SBI Deposits were continuously fluctuating over the period of study. However deposits in ICICI were decreased in 2008-09 and 2009-10 but these were increased in the year 2010-11 and 2011-12 with 11.6% and 13.2% respectively.

#### ADVANCES:

Advances are the credit facility granted by the bank. In other words it is the amount borrowed by a person from the Bank. It is also known as „Credit granted where the money is disbursed and recovery of which is made later on.



**TABLE 2**  
**TOTAL ADVANCES OF SBI AND ICICI (IN CRORES)**

YEAR	SBI		ICICI	
	ADVANCES	% CHANGE	ADVANCES	% CHANGE
2007-08	416,768.20	.....	225,616.08	.....
2008-09	542,503.20	30.16%	218,310.85	-3.25%
2009-10	631,914.15	16.48%	181,205.60	-16.95%
2010-11	756,719.45	19.75%	216,365.90	19.40%
2011-12	867,578.89	14.65%	253,727.66	17.26%

Source: Annual Reports of SBI and ICICI from 2007-08 to 2011-12

Table 1.2 presents that the per cent Change in Advances over the period of 5 years. In case of SBI Advances were continuously increased (with a decreasing trend) over the period of study. However Advances in ICICI were decreased till 2009-10 but these were increased in the subsequent years.

#### TOTAL EXPENDITURE:

The total expenditure reveals the proportionate share of total expenditure spent on the development of staff, interest expended and other overheads.

**TABLE 3**  
**TOTAL EXPENDITURE OF SBI AND ICICI (IN CRORES)**

YEAR	SBI		ICICI	
	EXPENDITURE	% CHANGE	EXPENDITURE	% CHANGE
2007-08	51,619.622	.....	35,509.47	.....
2008-09	67,358.55	30.49%	35,452.17	0.16%
2009-10	76,796.02	14.01%	28,974.37	-18.2%
2010-11	88,959.12	15.83%	27,931.58	-3.59%
2011-12	109,186.99	22.73%	34,985.50	25.25%

Source: Annual Reports of SBI and ICICI from 2007-08 to 2011-12

The table 1.4 discloses that the ICICI is successful in decreasing their total expenditure as compared to SBI. The table also highlights that the annual growth rate of



expenditure in SBI was highest (30.04) in the year 2008-09 and was lowest (14.01) in the year 2009-10. In ICICI, the annual growth rate of expenditure was negative in the year 2009-10 and 2010-11 i.e. (-18.20) and (-3.59) respectively. Hence it is clear that ICICI is more efficient as compared to SBI in terms of managing expenditure.

#### TOTAL INCOME:

The total income indicates the rupee value of the income earned during a period. The higher value of total income represents the efficiency and good performance.

TABLE 4  
GROWTH IN TOTAL INCOME OF SBI AND ICICI (IN CRORES)

YEAR	SBI		ICICI	
	INCOME	% CHANGE	INCOME	% CHANGE
2007-08	58,348.74	.....	39,667.19	.....
2008-09	76,479.78	31%	39,210.31	-1.15%
2009-10	85,962.07	12.3%	32,999.36	-15.8%
2010-11	96,329.45	12.06%	33,082.96	0.25%
2011-12	120,872.90	25.4%	41,450.75	25.2%

Source: Annual Reports of SBI and ICICI from 2007-08 to 2011-12

The table 1.5 highlights that the SBI successful in increased their total income as compared to ICICI. The table also shows that the annual growth rate of income in ICICI was highest in 25.2% in the year 2011- 2012 and was negative -1.15 in the year of 2008-2009.

In SBI the annual growth rate of income was highest 25.4% in the year of 2011-2012 and the was lowest 12.3 in the year 2009-2010. Hence it is clear that SBI is more efficient as compared to ICICI in term of managing total income.

#### GROWTH OF PROFIT:

Net profit Ratio is used for measuring the profitability of the firm. It is calculated by dividing net profit by net sales multiplied by 100. It establishes the relationship between the net profit and sales.



**TABLE 5**  
**GROWTH OF PROFIT IN SBI AND ICICI (IN CRORES)**

YEAR	SBI		ICICI	
	PROFIT	% CHANGE	PROFIT	% CHANGE
2007-08	6729	.....	4157.73	.....
2008-09	9121	35.5%	3758.13	-9.61
2009-10	9161	49%	4024.98	7.10
2010-11	8265	-9.8%	5151.38	27.9
2011-12	11707	42%	6465.26	25.50

Source: Annual Reports of SBI and ICICI from 2007-08 to 2011-12

The table also shows that the annual growth rate of profit in SBI was highest in the year 2009-10 and was negative (-9.8%) in the year 2010-11. In ICICI, the annual growth rate of profit was highest in the year 2010-11 (27.9%) and was negative in the year 2008-09 (-9.61%).

#### CONCLUSIONS:

The study found that Deposits in SBI were continuously increased. However deposits in ICICI were decreased (with a declining trend) till 2009-10 but these were increased in the subsequent years. In case of SBI Advances were continuously increased (with a decreasing trend), However Advances in ICICI were decreased (with a declining trend) till 2009-10 but these were increased shows that ICICI has suffered with funds or avoid providing advances through 2007-08 to 2009-10.

#### References

1. Trend and progress of banking, RBI, pp.22-23
2. Development Research Group Study, No. 22, Department of Economic Analysis and Policy, Reserve Bank of India, Mumbai September 20, 2000.
3. Financial year report of SBI 2007-08 to 2011-12.
4. SBI bulletin publication 2012.
5. Financial year report of ICICI Bank 2007-08 to 2011-12.
6. ICICI Bank bulletin publication 2012.