



“Financial performance of private sector banks with reference to ICICI bank and selected private banks”.

Submitted By

SABBINENI ROHITHA

Under the Guidance of

Dr. Dr.Sudindra V R

Assistant Professor

Faculty of Management Studies, CMS Business School

No.17, Seshadri Rd, Gandhi Nagar, Bengaluru, Karnataka 560009

ABSTRACT

For the development of the economy of the country, a sound, effective and hassle-free banking system is important. A study is conducted to compare the financial performance of the ICICI bank with major selected banks in the same private sector. The objective of the study was to compare the performance of ICICI bank with major selected banks. The selected banks for the study are AXIS, HDFC and Kotak Mahindra. The ratios taken for the study are Interest spread, Net profit margin, return on net worth, Total assets turnover ratio, return on assets, Credit deposit ratio, Cash deposit ratio and Liquid assets to demand deposit. The sample for the study taken was 5 years (2018 to 2023) of financial statements. To analyze the variance of the mean among the selected banks, Variance analysis and ANOVA test has been conducted. Through analysis it is found that the ICICI bank has achieved a better position on net profit margin and debt coverage ratio with positive differences in comparison of ICICI Bank and selected private banks. On the contrary it has not fared well in terms of Return on Assets, Return on Net worth, total assets ratio. The main recommendation of the study is Merger of Axis bank and ICICI which has more potential in terms net worth and return on assets. The combination of these two banks will become the greatest private bank in India and shall be easy to expand in the world.

Key words-Banks, Performance, Ratios, Variance Analysis, ANOVA

CHAPTER – 1

INTRODUCTION AND REVIEW OF LITERATURE

INTRODUCTION

1.1 Rationale for the study and motivation

The banking sector plays an important role in efficient functioning of the economy of the country. It plays an essential role our day to day transactions. They act as intermediaries, help us to pool and channelize the savings. From past few years Indian banks have made achievements which are outstanding. Since a diversity of models and advance technology have been emerged among finance industries, some of the traditional banking eminences between banks, insurance companies, and securities firms have belittled. Though there are changes in the banking sector still banks maintain and perform their primary role of accepting deposits and lending funds from these deposits. In India the banks have been sported by an expectant network of branches that cater the financial needs of all walks of people. Today those who have no education or minimal literacy are keen to know the financial performance of the banks in which they deposit or make an invest. Earlier financial analysis was done through only by going through the records and files but now we use tools or techniques to make analysis. Some of them are Ratio Analysis, Comparative statement analysis, Time series analysis, Common size analysis. The selection of these tools is mere choice of the user as well as interpretation of the same depends on the need and intelligence of the user.

1.2 Statement of the research Problem

The Indian banking sector is witnessing significant growth, with private sector banks playing a crucial role. However, a comprehensive understanding of their financial performance compared to a leading public sector bank like ICICI Bank is lacking. This study aims to address this gap by:

Analyzing and comparing the financial performance of ICICI Bank with selected private sector banks in India. This will involve examining key financial metrics such as net profit margin, return on net worth (RONW), return on assets (ROA), interest spread, and credit deposit ratio.

Investigating the variance of mean among the selected private sector banks with respect to the aforementioned financial metrics. This will help identify any significant differences in performance between these banks.

By analyzing these aspects, the study will provide valuable insights into:

The relative positioning of ICICI Bank compared to its private sector competitors.

The level of variation in financial performance among private sector banks.

This information can be crucial for investors, analysts, and policymakers to make informed decisions regarding the Indian banking sector.

1.3 Literature Review

1. **Biswal, B. P., & Gopalakrishnan, R. (2020).** Here the author examines the factors and their effect on profitability in banks which is estimated by Net Interest Margin. By using secondary data, the study classifies banks operating in India under high Credit Deposit ratio and low Credit Deposit ratio.
2. **Chandran, D., & Francis, P. (2018).** Here the authors in their study have made an attempt to analyze the relationship between inflation rate and prime lending rate in India. Comparison of inflation with prime lending rates of SBI and ICICI Bank with the help of tools like correlation, regression, and ANOVA. The results showed that the lending and inflation rates are negatively correlated.
3. **D. Padma and V.Arulmathi (2019)-** The authors have conducted study to compare the efficiency and solvency position of SBI and ICICI banks. The findings of the study are both the banks are maintaining required standards and running smoothly. Further study of SBI shows that there are significant differences on the performance of SBI and ICICI Bank in terms of Deposits, Advances, Investments, Net profit, and Total assets
4. **Jaiswal, A., Jain, C (2017)-** To study the financial performance between SBI and ICICI banks, the author has not only compared financial performance through ratio analysis but also found the market position of the both banks.
5. **Malhotra, N. (2022).** Here the author has explained the financial soundness of the three banks SBI, ICICI and Standard Bank. The data used is secondary for the study. The study results in terming that growth of assets is more in ICICI bank. The SBI shows growth in advances and deposits whereas standard chartered bank efficiently controls expenditure as well income compared to the other banks. The study suggests that SBI has to improve its financial position to match with these two banks.
6. **Prakash P., Sundararajan, S. (2023)** The study is quantitative analytical research with fundamental and technical analysis. Here the research is based on the secondary data and the tools used for analysis are Ratio analysis, Beta Analysis (β), Relative Strength Index (RSI) and Rate of Change (ROC).
7. **Sharma, R., Goswami, A., & Kumar, P. (2022).** The authors have made an evaluation of performance of Indian privatization. Since liberalization, the banking system in India has under gone a various reform. Current new privatization has best technology, manpower and efficiency. It is managed by professionals. Due to the new era of banking system it has attracted customers and marketed the financial products.
8. **Singh, A. K. (2023).** The author has conducted study in analysis of profitability position of private bank in India like AXIS, ICICI, Karur Vysa bank (KVB), YesBank, and highlight the overall profitability of bank (i.e.) Interest spread, Net profit margin, return on long term fund, return on net worth & Return on assets, Adjusted cash margin.
9. **Singh, A., & Tandon, P. (2020).** The authors conducted a study in financial performance: a comparative analysis of SBI and ICICI bank. The study found that the mean of Credit.

Deposit Ratio and interest expenses in ICICI was higher than in SBI. The interest income in SBI was higher as

compared to ICICI. This clearly indicated that people prefer ICICI to invest their savings and SBI to take loans & advances.

10. **Singh, J. P., Seth, M. (2022)-** The author has taken CAMEL approach to compare the Capital Adequacy with public and private sector banks. He has selected only one parameter from Capital Adequacy, Asset Quality, Management Quality, Earning Quality and Liquidity.

1.4 RESEARCH GAP

Though there is much studies on this sector, the researchers have not focused on comparison of Banks in terms of total assets and Market Capitalization. There is no research on the study of mean differences performance among the selected private sector banks.

Identification of research gaps

Comparative Analysis: Conduct a comprehensive comparative analysis of the financial performance of ICICI Bank with other leading private sector banks, such as HDFC Bank, Axis Bank, and Kotak Mahindra Bank. This would provide a broader understanding of how ICICI Bank performs relative to its competitors

Impact of Regulatory Changes: Investigate the impact of recent regulatory changes, such as changes in capital adequacy requirements, on the financial performance of private sector banks, including ICICI Bank. Understanding how regulatory changes affect bank performance can provide valuable insights for both policymakers and bank management.

Digital Transformation: Examine the role of digital transformation initiatives in enhancing the financial performance of private sector banks. ICICI Bank has been at the forefront of adopting digital technologies in banking, and studying the impact of these initiatives on its financial performance, as well as comparing them with other banks, can be an interesting research area.

Risk Management Practices: Explore the effectiveness of risk management practices in private sector banks, including ICICI Bank, and their impact on financial performance. This could include assessing credit risk, market risk, operational risk, and compliance risk management practices.

1.5 Theoretical underpinnings

Ratio Analysis :This is the primary financial tool used to evaluate the performance of ICICI bank compared to its competitors. The chosen ratios include:

Interest spread

Net profit margin

Return on net worth

Total assets turnover ratio

Return on assets

Credit deposit ratio

Cash deposit ratio

Liquid assets to demand deposit ratio

Statistical Tools: These techniques help analyze and interpret the calculated ratios. The chosen tools include

Mean: To find the average value of each ratio

Standard deviation: To measure the dispersion of data points around the mean

Coefficient of variance: To express the standard deviation as a percentage of the mean

ANOVA (Analysis of Variance): Potentially used to compare the means of the ratios between ICICI and other banks to see if there are statistically significant differences in their performance.

This combined approach provides a comprehensive analysis of ICICI bank's financial performance relative to its selected competitors.

CHAPTER - 2

RESEARCH METHODOLOGY

2.1 SCOPE OF THE STUDY

This research can provide valuable insights into the comparative performance of ICICI bank and other private sector banks in India. We will compare ICICI's performance to a selection of other prominent private banks. This analysis will encompass key metrics of profitability, liquidity, solvency, and efficiency. By dissecting these ratios, we aim to gain insights into the financial health, risk profile, and overall effectiveness of ICICI Bank relative to its competitors in the private sector. The findings will contribute to a better understanding of ICICI's position within the Indian banking landscape and identify areas of strength and weakness compared to its peers. By comparing these aspects across banks, the research can help investors make informed decisions and identify potential leaders in the Indian private banking sector. How efficiently the banks generate profits from their operations. How effectively the banks utilize their assets and deposits. The banks' ability to meet short-term obligations. By comparing these aspects across banks, the research can help investors make informed decisions and identify potential leaders in the Indian private banking sector.

2.2 OBJECTIVES OF THE STUDY

1. To analyze and compare the financial performance of ICICI bank with selected private sector banks
2. To find the variance of mean among selected private sector banks.
3. Analysis of coefficient of variance of net profit margin, Return on net worth, Return on assets and Interest spread.

2.3 Framing of Research Hypotheses

H0₁: There is no significant difference between net profit margin among different selected private sector banks in India.

H0₂: There is no significant difference between Return on net worth among different selected private sector banks in India.

H0₃: There is no significant different between Return on assets among different selected private sector banks in India.

H0₄: There is no significant difference between interests spread among different selected private sector banks in India.

H0₅: There is no significant difference between credit deposit ratio among different selected private sector banks in India.

H0₆: There is no significant difference between cash deposit ratio among different selected private sector banks in India

H0₇: There is no significant difference between asset turnover ratio among different selected private sector banks in India.

H0₈: There is no significant difference between liquid assets to demand deposit among different selected private sector banks in India.

2.4 Research design :

The research design is the framework for the procedures and tactics that a researcher will use to do research. The design allows researchers to focus on proper research approaches and ensure the success of their studies. The design of the research topic describes the type of research (experimental, survey, correlational, semi-experimental, review) and its subcategories (experimental design, research problem, and descriptive case-study). The three major categories of study design are data collection, measurement, and analysis. This study combines exploratory and descriptive research.

Exploratory research design: An exploratory research design is used when a researcher has no prior data or only a few studies to draw from to meet a study difficulty. This research is occasionally haphazard and disorganized. It serves as a preliminary inquiry technique and provides a speculative or theoretical understanding of the investigation's issue. It will not provide actual answers to the research question. This study is carried out to determine the nature of the problem and to assist the researcher in better understanding the issue.

Descriptive research design: When a researcher is primarily concerned in explaining the circumstance or case under inquiry, a descriptive design is used. It is a theory-based design process that entails data collection, analysis, and presentation. This allows a researcher to provide insights into why and how research is conducted. Descriptive design helps people appreciate the importance of the research.

- Data is collected via questionnaire, and data is analyzed via tests.
- A sample is the amount of data collected.

2.5 Methods for data collection & variables of the study :

Methods for data collection:

Data is a collection of information, statistics, objects, symbols, and events acquired from numerous sources. Data collection methods are classified into two types: primary data collection methods and secondary data collection methods. Both primary and secondary data gathering approaches were employed.

Financial statements are the primary source. The relevant line items from the financial statements are identified. These correspond to specific elements used in the ratio formulas.

Secondary data is previously utilized information. The researcher can gather data from both internal and external sources. This study relied on secondary data obtained from other sources which are internet journals, e-books, web pages, articles, and blogs, among other things.

The research design adopted for the study are experimental and Descriptive in nature. The data collected is based on secondary data. It is collected from Financial Statements published from 2019-2023, books Magazines, thesis and websites of the banks taken for the study and from Reserve Bank of India. To analyze and interpret the collected data, the financial and statistical tools are used to find the financial performance of the ICICI bank in comparison with selected private sector banks. The financial tools used for the study is Ratio analysis. The ratios are selected for this Study. Interest spread, Net profit margin, return on net worth, Total assets turnover ratio Return on assets Credit deposit ratio, Cash deposit ratio and Liquid assets to demand deposit. The Statistical tools used for the study are Mean, Standard deviation, Co-efficient of variance and ANOVA.

Data Format: The extracted data is typically numerical and represents values like net profit margin, return on net worth etc. There are tools available to assist with data collection for ratio analysis. Financial databases and online services can aggregate and organize financial statements from various companies. Spreadsheet software can also be used to manipulate and analyze the data.

CHAPTER -3

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

3.1 Techniques for data analysis:

Quantitative Analysis: Usually, this kind of analysis is quantified in terms of numbers. Measurement scales are used to represent the data, which can be further statistically manipulated.

Statistical Analysis: Data collection, analysis, and validation are all part of the process. Applying statistical analysis to data entails performing a series of statistical operations on the data to quantify it. Examples of quantitative data include descriptive data from surveys and observational data. It is also known as descriptive analysis. SAS (Statistical Analysis System), SPSS (Statistical Package for the Social Sciences), Stat Soft, and other statistical data analysis software programmers' are included. SPSS was used to evaluate statistical data in my study (Statistical Package for the Social Sciences). Multiple correlation analysis, hypothesis testing, and graph display are among the data analysis methods used.

3.2 Hypothesis Testing And Method and Data interpretation

1. RATIO ANALYSIS

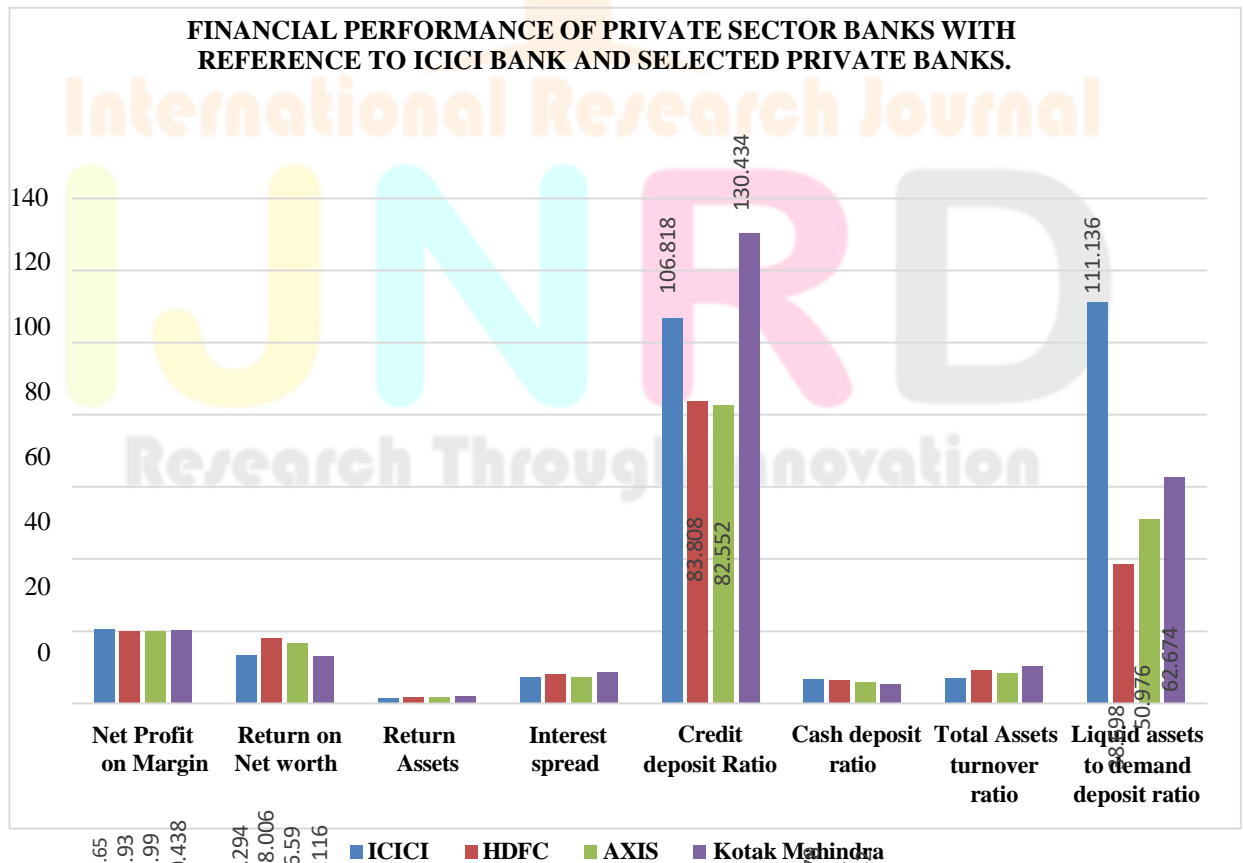
Table-1 Financial Performance of Private Sector Banks with Reference to ICICI Bank and Selected Private

Banks	Net Profit Margin	Return on Net worth	Return on Assets	Interest spread	Credit deposit Ratio	Cash Deposit Ratio	Total Assets Turnover ratio	Liquid assets to demand deposit ratio
ICICI	20.65	13.294	1.5	7.304	106.818	6.678	6.878	111.136
HDFC	19.93	18.006	1.858	8.092	83.808	6.51	9.26	38.698
AXIS	19.99	16.59	1.68	7.206	82.552	5.942	8.3	50.976
Kotak Mahindra	20.438	13.116	2.092	8.788	130.434	5.37	10.36	62.674

Banks from 2018-2023

Source: Annual Reports Of ICICI, HDFC, AXIS AND KOTAK MAHINDRA Banks

Graph- 1 Financial Performance of Private Sector Banks with Reference to ICICI Bank and Selected Private Banks



Interpretation: In the table we can find that the average net profit margin of ICICI bank is more than the other private banks, followed by Kotak Mahindra Bank, Axis and HDFC bank respectively. The average return on net worth of HDFC bank is the highest compare to other banks followed by Axis Bank, ICICI Bank and Kotak Mahindra Bank respectively. From the table. it's clear that Kotak Mahindra bank has highest average return on assets compared to other banks, followed by HDFC bank, Axis Bank and ICICI bank respectively. It indicates the weak position of the ICICI bank in return on total assets. It is clear that Kotak Mahindra Bank has got highest average interest spread compared to other banks, followed by HDFC Bank, ICICI Bank and Axis Bank respectively. It indicates the weakness of ICICI bank in total interest income and expenses to average working fund. Kotak Mahindra Bank has the average highest Credit deposit ratio compared to other banks, followed by ICICI bank, HDFC Bank and Axis Bank respectively. Though ICICI bank is second in line for Credit deposit ratio, it still shows that ICICI bank is able to generate more loans for the deposit received as compared to HDFC and AXIS banks. ICICI Bank has highest Cash deposit ratio compared to other banks, followed by HDFC Bank, Axis Bank and Kotak Mahindra Bank respectively. It indicates that ICICI Bank has more deposit compared to other banks. Kotak Mahindra Bank has highest total assets turnover ratio compared to other banks, followed by HDFC bank, Axis Bank and ICICI Bank respectively. It shows that ICICI bank is less efficient in generating revenue from their assets. The ICICI Bank has highest Liquid assets demand deposit ratio compared to Kotak Mahindra Bank, Axis Bank and HDFC Bank respectively. It shows that ICICI bank has the highest ability to meet immediately and short-term deposit by cash or online banking or ATM. But in another side the high percentage will reflect that the bank did not mobilize the cash effectively in short- term investment.

2. ANALYSIS OF VARIANCES

Table-2 Analysis of mean Standard deviation, Coefficient of Variance of Net profit margin

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	20.65	19.93	19.99	20.438
SD	2.147	1.022	0.752	2.210
CV	0.104	0.051	0.038	0.108

Source: Annual reports of ICICI, HDFC, AXIS AND KOTAK MAHINDRA banks

Interpretation-From the table, it has been evident that ICICI has the highest mean value of net profit margin (20.65) compare to other banks. Kotak Mahindra bank has the highest standard deviation of net profit margin (2.210) as well as co efficient of variance (0.108) compared with other banks, followed by ICICI Bank, HDFC Bank and Axis Bank respectively. ICICI Bank has highest Mean value (20.65) with moderate standard deviation (2.147) and co-efficient of variance (0.104) on Net Profit Margin.

Table -3 Analysis of mean, standard deviation, coefficient of variance of Return on net worth

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	13.294	18.006	16.59	13.116
SD	1.446	1.218	1.198	1.638
CV	10.877	6.764	7.221	12.488

Source :Annual reports of ICICI, HDFC, AXISAND KOTAK MAHINDRA banks

Interpretation- As per the table it has been found that Axis Bank has highest Mean value of returns on net worth compare to other banks. The Standard Deviation and Coefficient variance of Kotak Mahindra Bank Return on Net worth is higher than other banks. ICICI Bank has moderate Mean Value(13.294) which is lesser than HDFC and AXIS Banks, moderate Standard deviation (1.446) and co-efficient variance (10.877) lesser than Kotak Mahindra bank followed by AXIS and HDFC Bank respectively on Return on Net worth.

Table-4 Analysis of Mean, Standard deviation, co-efficient of variance of Return on assets

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	1.5	1.858	1.68	2.092
CD	0.173	0.095	0.06	0.197
CV	11.556	5.083	3.572	9.424

Source: Annual reports of ICICI, HDFC, AXISAND KOTAK MAHINDRA banks

Interpretation From the table, it has been evident that the return on assets of Axis Bank has highest mean value (2.092) of Return on assets compare to the other banks. The Standard deviation of Kotak Mahindra bank (0.197) of Return on assets is highest compare to ICICI bank, followed by HDFC and Axis Banks .ICICI Bank has the lowest mean value (1.5), moderate standard deviation (0.173) and highest coefficient variance (11.556) compared to other banks on Return on assets.

Table 5: Analysis of Mean, Standard Deviation, Coefficient of Variance of Interests Spread

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
Mean	7.304	8.092	7.206	8.788
SD	0.322	0.528	0.650	0.643
CV	4.413	6.525	9.016	7.317

Source: Annual reports of ICICI, HDFC, AXISAND KOTAK MAHINDRA banks

Interpretation-From the table, it has been evident that The Kotak Mahindra Bank has the highest interest spread

(8.788) compare to other banks The Axis Bank has highest standard deviation (0.650) and co efficient of variance (9.016) of interests spread compare to other banks, followed by Kotak Mahindra Bank, HDFC Bank and ICICI Bank respectively. The ICICI Bank has moderate Mean value (7.304) with lowest standard deviation (0.322)and Co efficient Variance (4.413) compare to other banks on Interests spread.

Table 6: Analysis of Mean, standard deviation, coefficient of variance Credit deposit ratio

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	106.818	83.808	82.552	130.434
SD	4.288	3.233	6.606	13.951
CV	4.014	3.858	8.002	10.696

Source: Annual reports of ICICI, HDFC, AXIS AND KOTAK MAHINDRA banks

Interpretation As per Table, it has been found that Kotak Mahindra Bank has highest Mean value (130.434), Standard deviation (13.951) and Co-efficient of variance (10.696)of Credit deposit compare to other banks. ICICI Bank has the moderate mean value (106.818), Standard deviation (4.288) and Co efficient of variance (4.014) compare to other banks on credit deposit

Table 7: Analysis of Mean, standard deviation, coefficient of variance of cash to deposit

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	6.678	6.51	5.942	5.37
SD	0.638	1.338	0.316	0.658
CV	9.559	20.547	5.309	12.251

Source: Annual reports of ICICI, HDFC, AXIS, AND KOTAK MAHINDRA banks

01Interpretation- As per Table it has been found that ICICI bank has the highest mean value (6.678) of cash to deposit compared to other banks. The standard deviation of the Kotak Mahindra bank (0.658) is the highest compared to others and has the highest coefficient of variance (12.251) of cash to deposit. ICICI Bank has highest mean value (6.678), Moderate Standard deviation (0.638) and lower co efficient of variance (9.559) on cash deposit

Table -8 Analysis of mean, standard deviation, coefficient of variance of Total assets turnover ratio

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	6.87	9.26	8.3	10.36
CD	0.14	0.2	0.22	0.43
CV	2.038	2.160	2.650	4.151

Source: Annual reports of ICICI, HDFC, AXISAND KOTAK MAHINDRA banks

Interpretation As per the table it has been found that Kotak Mahindra bank has the highest mean value (20.36), highest standard deviation and Co efficient of variance (4.151) of total assets ratio. ICICI bank has the lowest mean

value (6.87), standard deviation of Asset turnover ratio of the ICICI bank (0.14) with the coefficient of variance (2.037846) when compared to other banks

Table-9 Analysis of mean, standard deviation, coefficient of variance of liquid assets to demand deposit

PARTICULARS	ICICI	HDFC	AXIS	KOTAK MAHINDRA
MEAN	111.136	51.77	50.976	62.674
CD	12.9	8.251	12.189	11.98
CV	11.60	15.93	23.91	19.11

Source: Annual reports of ICICI, HDFC, AXIS AND KOTAK MAHINDRA banks

Interpretation From the above table it is clear that ICICI Bank (111.136) has the highest mean value, Standard deviation (1.290) and co efficient of variance (1.160) of liquid assets to demand deposit compare to the other banks. it is clear that the position of ICICI Bank is better in compassion with HDFC, AXIS, KOTAK bank because high liquid assets indicate better position to meet the immediate and short-term deposits.

HYPOTHESIS TESTING

3. ANALYSIS OF ANOVA

4. **H₀₁** : There is no significant difference between Net profit margin among selected private sector banks in India.

Table 10

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant)
Between Groups	1.827	3	.609	0.219	0.881
Within Groups	44.400	16	2.775		
Total	46.227	19			

Interpretation- As per the table the calculated value of F (0.219) is less than the table value (0.881). We accept Null Hypothesis and conclude that, there is no significant difference between net profit margin among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

H₀₂: There is no significant difference between Return on net worth among different selected private sector banks in India.

Table 11:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	88.855	3	29.618	15.395	.000
Within Groups	30.781	16	1.924		
Total	119.636	19			

Interpretation: As per the table, the calculated value of F test (15.395) is more than the tabulated value, hence reject null hypothesis and conclude that there is a significant difference between Return on net worth among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

H0₃: There is no significant difference between Return on assets among selected private sector banks in India.

Table 12:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	.959	3	.320	15.701	.000
Within Groups	.326	16	.020		
Total	1.285	19			

Interpretation: As per the table, the calculated value of F test (15.701) is more than the tabulated value, hence reject null hypothesis and conclude that there is a significant difference between Return on Return on assets among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

H0₄: There is no significant difference between Interests spread among selected private sector banks in India.

Table 13:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	8.256	3	2.752	9.034	0.001
Within Groups	4.874	16	.305		
Total	13.130	19			

Interpretation: As per the table, the calculated value of F test (9.034) is more than the tabulated value, hence reject

null hypothesis and conclude that there is a significant difference between Interest spread among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

H0₅: There is no significant difference between credit deposit ratio among selected private sector banks in India.

Table 14:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	7680.327	3	2560.109	38.337	.000
Within Groups	1068.461	16	66.779		
Total	8748.788	19			

Interpretation- As per the table, the calculated value of F test (38.337) is more than the tabulated value, hence reject null hypothesis and conclude that there is a significant difference between credit deposit ratio among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India

H0₆: There is no significant difference between cash deposit ratio among selected private sector banks in India

Table 20:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	5.287	3	1.762	2.583	.089
Within Groups	10.917	16	.682		
Total	16.205	19			

Interpretation- As per the table, the calculated value of F test (2.583) is more than the tabulated value (0.089), hence reject null hypothesis and conclude that there is a significant difference between cash deposit ratio among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

Research Through Innovation

H07: There is no significant difference between **Asset Turnover** ratio among selected private sector banks in India.

Table 21:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	32.744	3	10.915	144.869	.000
Within Groups	1.205	16	.075		
Total	33.950	19			

Interpretation-As per the table, the calculated value of F test 144.869) is more than the tabulated value (0.000), hence reject null hypothesis and conclude that there is a significant difference between **Asset Turnover** ratio among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

H08: There is no significant difference between liquid assets to demand deposit among different selected private sector banks in India.

Table 22:

Sources of variation	Sum of Squares	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5% level of significant).
Between Groups	12184.216	3	4061.405	30.849	.000
Within Groups	2106.475	16	131.655		
Total	14290.691	19			

Interpretation-As per the table, the calculated value of F test (30.849) is more than the tabulated value (0.000), hence reject null hypothesis and conclude that there is a significant difference between liquid assets to demand deposit among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India.

Primary data is based on firsthand knowledge and has never been utilized before. Primary data collection procedures produce extremely accurate data that is specific to the objective of the research. A questionnaire was employed to perform the study survey. A questionnaire consists of a series of open-ended or closed-ended questions. Respondents must submit answers based on their knowledge and expertise with the topic under consideration. The questionnaire is a component of the survey, but its ultimate objective may or may not be a survey

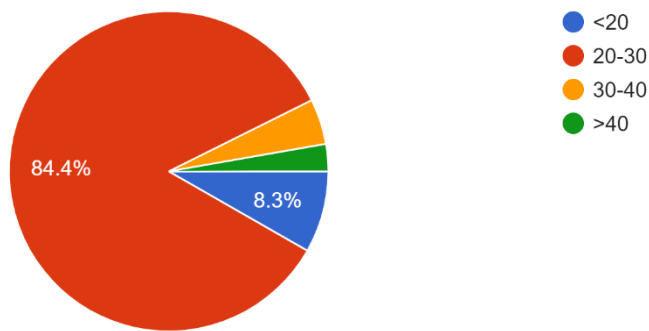
1) **Age:**

Age factor of the respondents

AGE GROUP	NUMBER OF RESPONDENTS	PERCENTAGE OF USER
Below 20	9	8.3%
20 – 30	92	84.4%
30-40	5	4.6%
Above 40	3	2.8%

Age

109 responses



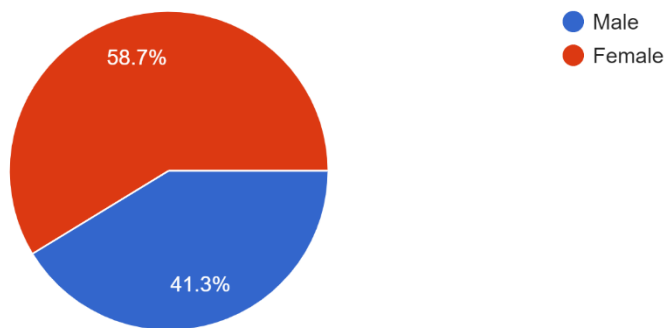
Inference: According to the graph above, 84.4% of respondents are between the ages of 20 and 30. In addition, 8.3% of responders are less than 20 years of age.

Gender of the respondents :

Gender factor of the respondents

GENDER	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Male	45	41.3%
Female	64	58.7%

Gender
109 responses



Inference: According to the above graph, the majority of responders (58.7%) are female, while 41.3% are male.

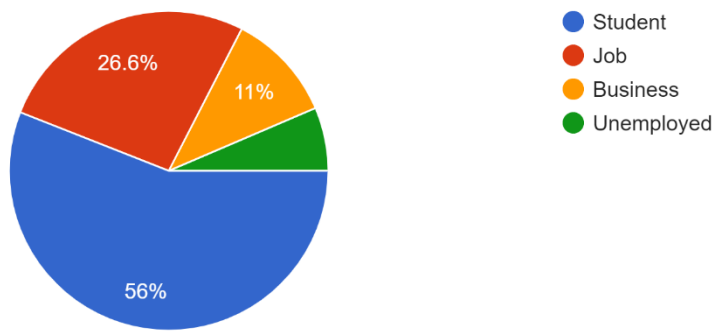
2) Occupation:

OCCUPATION	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Student	61	56%

Job	29	26.6%
Business	12	11%
Unemployed	7	6.4%

Occupation

109 responses



Inference: According to the graph above, 56% of respondents are students, 26.6% are working, 11% are self-employed, and 6.4% are unemployed

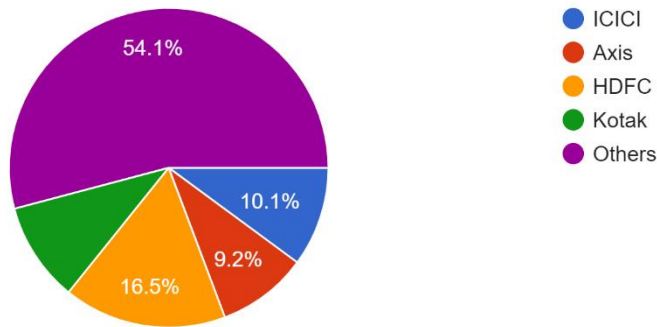
3) **Name of Bank:**

The Bank used by participants of the survey are as below:

DURATION	NUMBER OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
ICICI	11	10.1%
Axis	10	9.2%
HDFC	18	16.5%
Kotak	11	10.1%
Others	59	54.1%

In which bank, Do you have a saving account

109 responses



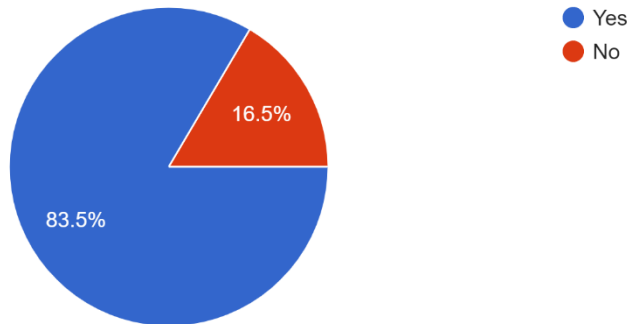
Inference: According to the graph above, 10.1% of respondents have been using ICICI Bank, 9.2% have been using Axis Bank, 16.5% have been using HDFC, 10.1% are using Kotak Mahindra Bank and a substantial 54.1% have been using other banks.

5. Performance

The satisfaction of bank performance to the account holders is stated in the below chart

Are you satisfied with your banks performance?

109 responses



Inference: As per the survey, 83.5% of the people are satisfied with their bank performance while 16.5% people are not satisfied with their bank performance.

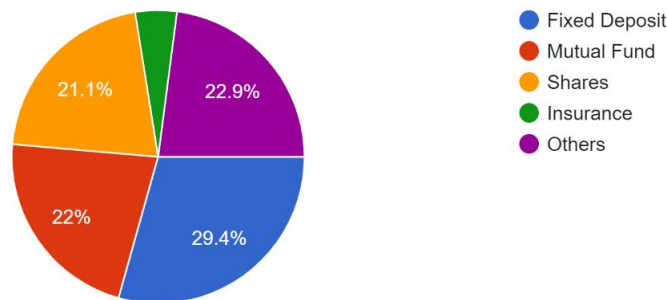
Investment

The participants of the survey make the following investments through their banks as stated in chart.

Investment	No of Respondents	Percentage
Fixed Deposit	32	29.4%
Mutual Fund	24	22%
Shares	23	21.1%
Insurance	5	4.6%
Others	25	22.9%

What do you prefer for investment?

109 responses



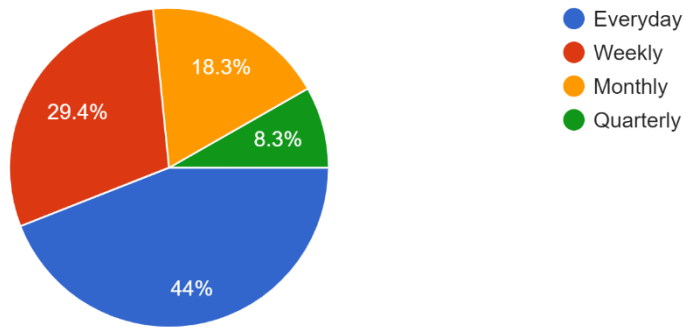
INFERENCE: The respondents of the survey include 29.4% who prefers investment in Fixed Deposit, 22% invests in Mutual Funds, 21.1% invests in Shares, 4.6% invests in Insurance Policies and the remaining 22.9% are not making any investments through their bank

Frequency of transaction: The frequency of bank transactions by the respondents is given in the chart below:

Frequency	No of Respondents	Percentage
Everyday	48	44%
Weekly	32	29.4%
Monthly	20	18.3%
Quarterly	9	8.3%

How frequently do you make bank transactions?

109 responses



Inference:

Most of the participants transacts on daily basis amounting to 44%. While 29.4% makes bank transactions on weekly basis and 18.3% transacts monthly. The minority of 8.3% transacts on quarterly basis.

CHAPTER – 4

FINDINGS AND RECOMMENDATIONS

4.1 RESEARCH OUTCOME AND FINDINGS

1. Ratio Analysis

- a. The average net profit margin of ICICI bank is more than the other private banks, followed by Kotak Mahindra Bank, Axis and HDFC bank respectively.
- b. The average return on net worth of HDFC bank is the highest compare to other banks followed by Axis Bank, ICICI Bank and Kotak Mahindra Bank respectively .vgg vvvnbfrhvszqq+
- c. The Kotak Mahindra bank has highest average return on assets compared to other banks, followed by HDFC bank, Axis Bank and ICICI bank respectively. It indicates the weak position of the ICICI bank in return on total assets.
- d. The Kotak Mahindra Bank has got highest average interest spread compared to other banks, followed by HDFC Bank, ICICI Bank and Axis Bank respectively. It indicates the weakness of ICICI bank in total interest income and expenses to average working fund.
- e. Kotak Mahindra Bank has the average highest Credit deposit ratio compared to other banks, followed by ICICI bank, HDFC Bank and Axis Bank respectively. Though ICICI bank is second in line for Credit deposit ratio, it still shows that ICICI bank is able to generate more loans for the deposit received as compared to HDFC and AXIS banks.
- f. ICICI Bank has highest Cash deposit ratio compared to other banks, followed by HDFC Bank, Axis Bank

and Kotak Mahindra Bank respectively. It indicates that ICICI Bank has more deposit compared to other banks.

g. Kotak Mahindra Bank has highest total assets turnover ratio compared to other banks, followed by HDFC bank, Axis Bank and ICICI Bank respectively. It shows that ICICI bank is less efficient in generating revenue from their assets.

h. The ICICI Bank has highest Liquid assets demand deposit ratio compared to Kotak Mahindra Bank, Axis Bank and HDFC Bank respectively. It shows that ICICI bank has the highest ability to meet immediately and short-term deposit by cash or online banking or ATM. But in another side the high percentage will reflect that the bank did not mobilize the cash effectively in short-term investment.

Analysis of Variances

a. The ICICI has the highest mean value of net profit margin (20.65) compare to other banks. Kotak Mahindra bank has the highest standard deviation of net profit margin (2.210) as well as co efficient of variance (0.108) compared with other banks, followed by ICICI Bank, HDFC Bank and Axis Bank respectively. ICICI Bank has highest Mean value (20.65) with moderate standard deviation (2.147) and co-efficient of variance (0.104) on Net Profit Margin.

b. The Axis Bank has highest Mean value of returns on net worth compare to other banks. The Standard Deviation and Coefficient variance of Kotak Mahindra Bank of Return on Net worth is higher than other banks. ICICI Bank has moderate Mean Value (13.294) which is lesser than HDFC and AXIS Banks, moderate Standard deviation (1.446) and co-efficient variance (10.877) lesser than Kotak Mahindra bank followed by AXIS and HDFC Bank respectively on Return on Net worth. The return on assets of Axis Bank has highest mean value (2.092) of Return on assets compare to the other banks. The Standard deviation of Kotak Mahindra bank (0.197) of Return on assets is highest compare to ICICI bank, followed by HDFC and Axis Banks. ICICI Bank has the lowest mean value (1.5), moderate standard deviation (0.173) and highest coefficient variance (11.556) compared to other banks on Return on assets.

c. The Kotak Mahindra Bank has the highest interest spread (8.788) compare to other banks The Axis Bank has highest standard deviation (0.650) and co efficient of variance (9.016) of interests spread compare to other banks, followed by Kotak Mahindra Bank, HDFC Bank and ICICI Bank respectively. The ICICI Bank has moderate Mean value (7.304) with lowest standard deviation (0.322) and Co efficient Variance (4.413) compare to other banks on Interests spread.

d. The Kotak Mahindra Bank has highest Mean value (130.434), Standard deviation (13.951) and Co-efficient of variance (10.696) of Credit deposit compare to other banks. ICICI Bank has the moderate mean value (106.818), Standard deviation (4.288) and Co efficient of variance (4.014) compare to

e. other banks on credit deposit

f. The ICICI bank has the highest mean value (6.678) of cash to deposit compared to other banks. The standard deviation of the Kotak Mahindra bank (0.658) is the highest compared to others and has the highest coefficient of variance (12.251) of cash to deposit. ICICI Bank has highest mean value (6.678), Moderate Standard

deviation (0.638) and lower coefficient of variance (9.559) on cash deposit

The Kotak Mahindra bank has the highest mean value (20.36), highest standard deviation and Coefficient of variance (4.151) of total assets ratio. ICICI bank has the lowest mean value (6.87), standard deviation of Asset turnover ratio of the ICICI bank (0.14) with the coefficient of variance (2.037846) when compared to other banks

g. The ICICI Bank (111.136) has the highest mean value, Standard deviation (1.290) and coefficient of variance (1.160) of liquid assets to demand deposit compare to the other banks. It is clear that the position of ICICI Bank is better in comparison with HDFC, AXIS, KOTAK bank because high liquid assets indicate better position to meet the immediate and short-term deposits.

2. Hypothesis Testing

There is no significant difference between net profit margin among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India, Since the calculated value of F is less than the table value. We accept Null Hypothesis. The other hypothesis (H₀₂ to H₀₈) there is a significant difference between Return on net worth, return on assets, Interests spread, credit deposit ratio, cash deposit ratio, Asset turnover ratio and liquid assets to demand deposit among ICICI, HDFC, AXIS and KOTAK Mahindra private sector banks in India, Since the calculated values are higher than the table value. Hence, we reject the null hypothesis (H₀₂ to H₀₈) and accept the alternate hypothesis. This clearly indicates that there are positive differences in comparison of ICICI Bank and selected private banks.

4.2 LIMITATIONS OF THE STUDY

The research relies on secondary data, which might have limitations in accuracy or completeness. The chosen timeframe (2019-2023) might not capture long-term trends. The selection of banks and ratios can impact the generalizability of the findings. The research seems to focus on financial performance metrics like net profit margin, return on assets, etc. Future research is suggested to consider the challenges and opportunities faced by private sector banks, implying the current study might not provide a holistic picture.

4.3 Theoretical Implications:

This study has the potential to contribute to the existing body of knowledge on financial performance analysis of private sector banks in India in several ways:

By analyzing and comparing the financial performance of ICICI Bank with other selected private banks, the study can identify strengths and weaknesses of each bank's financial strategies. This can provide valuable insights for researchers and practitioners interested in understanding the competitive landscape of the Indian banking sector.

Hypothesis Testing: The study's hypotheses regarding potential differences in key financial ratios (net profit margin, return on assets, etc.) among private banks can contribute to a better understanding of factors influencing profitability and efficiency in the Indian banking sector. If statistically significant differences are found, further research can

explore the underlying reasons for these variations.

Benchmarking: The use of financial ratios like credit deposit ratio, cash deposit ratio, and asset turnover ratio can establish benchmarks for healthy financial performance in the Indian private banking sector. This information can be valuable for banks to evaluate their own performance and identify areas for improvement. Analyzing the variance of mean (dispersion) among the selected banks' financial ratios can provide insights into the level of risk associated with each bank. Higher variance could indicate greater volatility in performance, requiring a more cautious approach from investors and policymakers.

4.3 Managerial Implications:

This study compared ICICI Bank's financial performance with major private sector banks like Axis, HDFC, and Kotak Mahindra. The analysis suggests some key managerial takeaways for ICICI Bank. The study indicates ICICI Bank performs well in terms of net profit margin. This strength should be leveraged by optimizing operations and maintaining cost-efficiency to sustain healthy profits. The study highlights areas for improvement in return on assets (ROA) and return on net worth (RONW) compared to its peers. ICICI Bank's management should focus on strategies to improve asset utilization and generate higher returns from its investments. This could involve optimizing loan portfolios, managing risks effectively, and increasing shareholder value.

4.4 CONCLUSIONS

1. ICICI Bank has to increase its net profit margin.
2. ICICI bank has to increase its return on equity percentage by buying back their stock, increasing earning, or using more debt to fund operation.
3. ICICI bank should review the managerial performance to improve the efficiency of management in the future and increase generating revenue from its assets because it has the lowest return on assets and Asset turnover ratio
4. In credit and cash deposit ratio ICICI bank has good position. So, the bank has to continue in the same policy and standard to successes.
5. It's important for ICICI bank to mobilize the cash effectively in short-term investments
6. It's important to conduct study in depth financial analysis adequacy capital of ICICI bank with its peers. In depth merger of ICICI bank with AXIS bank which has more potential in terms net worth and return on assets. The combination of these two banks will become the greatest private bank in India and shall be easy to expand in the world events acquired from numerous sources.

4.5 SCOPE OF THE FUTURE RESEARCH

- Further research should use large, representative samples, using probabilistic sampling methods, to confirm or

refute the findings.

- Future studies are needed to analyze this performance of private sector banks and to identify and develop scales for the correct measurement.
- Finally, future research should consider the challenges and opportunities of private sector banks.

4.4 CONCLUSIONS

With various techniques applied in finding the financial performance of the ICICI Bank, HDFC Bank, AXIS Bank and Kotak Mahindra Bank, we find that ICICI bank has got the highest net profit margin, Cash deposit ratio and liquid assets demand ratio with the positive differences in terms of the variances and ANOVA testing for Hypothesis. Overall ICICI bank has got satisfactory financial position irrespective of having moderate and lowest ratios in terms of return on net worth, return on assets, interest spread and assets turnover ratio. In order to achieve best financial position in all factors, it must make efforts to increase its current assets and maintain a safety margin which will provide better liquidity position. Reduce the dependence on external equities for meeting capital requirements by focusing on internal equities and other sources of internal financing. Introduce schemes for public that provides higher rate of interest and shorter maturity period. In order to bring confidence and build their image, banks need to provide finance to more projects. The banks should simplify the procedure of advances for quick disbursement.

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Research Through Innovation

QUESTIONNAIRE

A Survey on private sector banks

Hey there!

I am Sabbineni Rohitha, MBA student from Jain (Deemed-to-be University) – Center for Management Studies, Bangalore. I am conducting a research study titled, “**Financial performance of private sector banks with reference to ICICI bank and selected private banks**”. as a part of my course requirement.

To help me get started with this, **please fill the questionnaire and share it with others as well**. This might take you approximately 2-3 minutes to complete.

Thank you!

*** Required**

1)Age*

A)<20

B)20-30

C)30-40

D)>40

2)Gender*

A)Male

B)Female

3)In which bank, Do you have a saving account*

A)ICICI

B)Axis

C)HDFC

D)Kotak

C)Others

4)Are you satisfied with your banks performance?*

A)Yes

B)No

5)What do you prefer for investment?*

- A)Fixed Deposit
- B)Mutual Fund
- C)Share
- D)Insurance
- E)Others

6)How frequently do you make bank transactions?*

- A)Everyday
- B)Weekly
- C)Monthly
- D)Quarterly

7)Occupation*

- A)Student
- B)Job
- C)Business
- D)Unemployed



Rohitha-Master Thesis.

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