

---

**A STUDY OF FINANCIAL PERFORMANCE: A COMPARATIVE ANALYSIS OF SBI AND ICICI BANK**

---

**KolluSrinivas<sup>1</sup>, Dr.Pawan Kumar Varma<sup>2</sup>**

**Department of Management**

**<sup>1,2</sup>OPJS University, Churu (Rajasthan)**

**ABSTRACT**

*Banking Sector assumes an essential part in economic development of a nation. The banking arrangement of India is highlighted by an extensive system of bank offices, serving numerous sorts of financial administrations of the general population. The State Bank of India, prevalently known as SBI is one of the main bank of open area in India. SBI has 14 Local Head Offices and 57 Zonal Offices situated at essential urban areas all through the nation. ICICI Bank is second biggest and driving bank of private area in India. The Bank has 2,533 branches and 6,800 ATMs in India. The motivation behind the review is to inspect the financial execution of SBI and ICICI Bank, open division and private area individually. The examination is enlightening and logical in nature. The information utilized for the review was completely auxiliary in nature. The present review is directed to look at the financial execution of SBI and ICICI Bank on the premise of proportions, for example, credit store, net revenue and so on. The time of study taken is from the year 2007-08 to 2011-12. The review found that SBI is performing admirably and financially stable than ICICI Bank yet in setting of stores and use ICICI bank has preferable overseeing effectiveness over SBI.*

**KEYWORDS:** Credit Deposit Ratio, ICICI, Net Profit Margin, Net worth Ratio, Advances, SBI.

**1. INTRODUCTION**

A productive banking framework is perceived as fundamental necessity for the economic development of any economy. Banks activate the funds of group into gainful channels. The banking arrangement of India is included by an expansive system of bank offices, serving numerous sorts of financial needs of the

general population.

The State Bank of India, famously known as SBI is one of the main banks in India. The State Bank Group, with more than 16,000 branches gives an extensive variety of banking items through its unlimited system of branches in India and abroad, including items went for Non-Resident Indians (NRIs). The headquarter of SBI

is at Mumbai. SBI has 14 Local Head Offices and 57 Zonal Offices that are situated at imperative urban areas all through the nation. It additionally has around 130 branches out of the nation. It has a piece of the pie among Indian commercial banks of around 20% in deposits and credits.

The underlying foundations of the State Bank of India rest in the principal decade of nineteenth century, when the Bank of Calcutta later on renamed the Bank of Bengal, was set up on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (fused on 15 April 1840) and the Bank of Madras (joined on 1 July 1843). With the aftereffect of the illustrious sanctions each of the three Presidency banks were consolidated as business entities and got the elite ideal to issue paper cash in 1861 with the Paper Currency Act. They held this privilege till the development of the Reserve Bank of India. The Presidency banks amalgamated on 27 January 1921, and renamed Imperial Bank of India. The Imperial Bank of India remained a business entity.

The State Bank of India was constituted on first July 1955, in accordance with the State Bank of India Act, 1955 (the "SBI Act") with the end goal of making a state-collaborated and state-supported bank incorporating the previous Imperial Bank of India. In 1959, the State Bank

of India (Subsidiary Banks) Act was passed, empowering the Bank to assume control eight previous state related banks as its auxiliaries.

The State Bank of India's is biggest bank, with around 9,000 branches in India and 54 global workplaces. Its Associate Banks have a local system of around 4,600 branches, with solid provincial ties. The Bank additionally has backups and joint ventures outside India, including Europe, the United States, Canada, Mauritius, Nigeria, Nepal, and Bhutan. The Bank has the biggest retail banking client base in India.

## 2. ICICI BANK-PROFILE

ICICI Bank is second biggest and driving bank of private sector in India. Its headquarter Mumbai, India. As per Forbes State Bank of India is the 29th most rumoured organization on the planet. The Bank has 2,533 branches and 6,800 ATMs in India. In 1998 ICICI Bank propelled web banking operations. The Bank offers an extensive variety of banking items and financial administrations to the corporate and retail clients. It likewise gives benefits in the regions of funding investment banking, resource management and life and non-life coverage. ICICI Bank's value shares are recorded in India on Bombay Stock Exchange (BSE) and the National Stock

Trade (NSE) and its American Depository Receipts (ADRs) are additionally recorded on the New York Stock Exchange (NYSE).

ICICI Bank constrained is real banking and financial administrations association in India. The bank is the second biggest bank in India and the biggest private sector bank in India by market capitalization. They are openly held banking organization occupied with giving an extensive variety of banking and financial administrations including commercial banking and treasury operations. The bank and their auxiliaries offers an extensive variety of banking and financial administrations including commercial banking, retail banking, extend and corporate back, working capital fund, protection, investment and private value, investment banking, broking and treasury items and administrations. They offer through an assortment of conveyance channels and through their particular auxiliaries in the region of investment banking, life and non-extra security, funding and resources management. The bank has a system of 2035 branches and around 5518 ATMs in India and nearness in 18 nations. They have backups in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong-Kong, SRI LANKA, Qatar and Dubai International fund focus and delegate workplaces in United Arab Emirates, China, South Africa, Bangladesh,

Thailand, Malaysia and Indonesia. Our UK auxiliary has built up branches in Belgium and Germany.

The bank value shares are recorded in India on Bombay Stock Exchange and National stock trade of India Limited and their American Depository Receipts (ADRs) are recorded on NYSE. The bank is first Indian banks recorded NYSE.

### 3. OBJECTIVE OF THE STUDY

- To concentrate the financial execution of SBI and ICICI Bank.
- To think about the financial execution of SBI and ICICI Bank.

### 4. RESEARCH METHODOLOGY

In the present review, an endeavour has been made to quantify, assess and analyse the financial execution of SBI and ICICI Bank which one identified with general society sector and private sector separately. The review depends on auxiliary information that has been gathered from yearly reports of the particular banks, magazines, diaries, records and other distributed data. The review covers the time of 5 years i.e. from year 2007-08 to year 2011-12. Proportion Analysis was connected to analyse and think about the patterns in banking business and financial execution. Mean and Compound Growth Rate (CGR) have additionally

---

been conveyed to analyse the patterns in banking business profitability.

### 5. LIMITATION OF THE STUDY

Because of imperatives of time and assets, the review is probably going to experience the ill effects of specific impediments. Some of these are specified here under so that the discoveries of the review might be comprehended in a legitimate viewpoint.

The confinements of the review are:

- The study depends on the auxiliary information and the restriction of utilizing optional information may influence the outcomes.
- The auxiliary information was taken from the yearly reports of the SBI and ICICI Bank. It might be conceivable that the information appeared in the yearly reports might be window dressed which does not demonstrate the genuine position of the banks.

Financial investigation is predominantly done to look at the development, profitability and financial soundness of the individual banks by diagnosing the data contained in the financial explanations. Financial investigation is done to distinguish the financial qualities and shortcomings of the two banks by appropriately

setting up connection between the things of Balance Sheet and Profit and Loss Account. It helps in better comprehension of banks financial position, development and execution by breaking down the financial proclamations with different instruments and assessing the connection between different components of financial explanations.

### 6. ANALYSIS

#### *Credit Deposit Ratio:-*

Credit-Deposit Ratio is the extent of advance resources made by a bank from the deposits got. Credits are the advances and advances allowed by the bank. As it were it is the sum loaned by the bank to a man or an association which is recuperated later on. Intrigue is charged from the borrower. Store is the sum acknowledged by bank from the savers and premium is paid to them.

**Table 1: Credit Deposit Ratio**

| YEAR    | (in per cent) |        |
|---------|---------------|--------|
|         | SBI           | ICICI  |
| 2007-08 | 77.57         | 84.99  |
| 2008-09 | 74.97         | 91.44  |
| 2009-10 | 73.56         | 90.04  |
| 2010-11 | 76.32         | 87.81  |
| 2011-12 | 78.50         | 92.23  |
| MEAN    | 76.184        | 89.302 |
| CGR     | 1.19          | 8.51   |

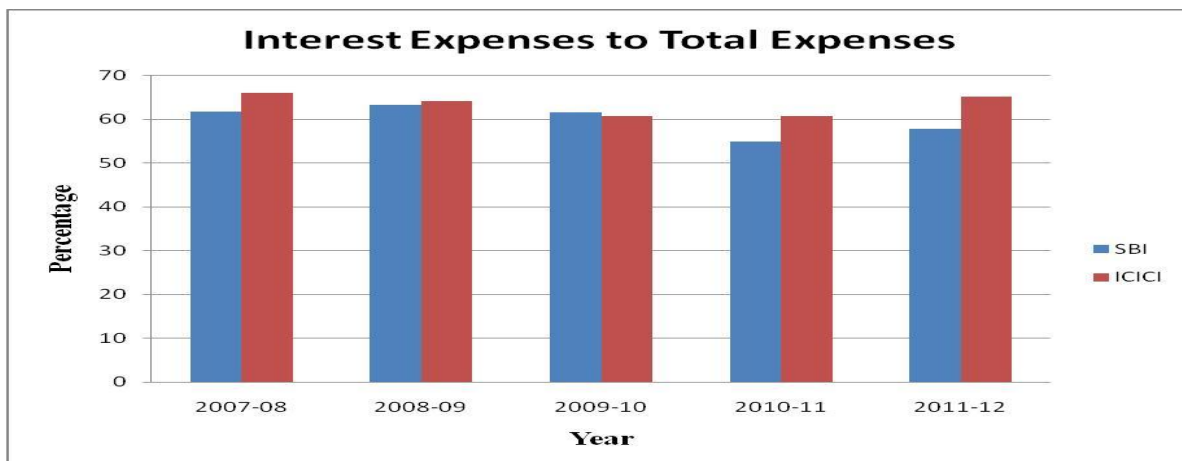
Source: Annual Reports of SBI and ICICI from 2007-08 to 2011-12

**Interest Expenses to Total Expenses:-**

Interest Expenses to Total Expenses uncovers the costs brought about on interest in extent to aggregate costs. Banks acknowledges deposits

from savers and pay interest on these records. This instalment of interest is known as interest costs. Add up to costs incorporate the sum spent as staff costs, interest costs, overhead costs and other working costs and so on.

**Figure 1:- Interest Expenses to Total Expenses**



**Interest Income to Total Income:-**

Interest Income to Total Income demonstrates the proportionate commitment of interest salary in complete wage. Banks loan cash as credits and advances to the borrowers and get

interest on it. This receipt of interest is called interest wage. Add up to pay incorporates interest pay, non-interest pay and working salary.

**Table 2:-Interest Income to Total Income in SBI and ICICI**

(in Per cent)

| YEAR    | SBI   | ICICI |
|---------|-------|-------|
| 2007-08 | 83.89 | 77.61 |
| 2008-09 | 83.40 | 79.29 |
| 2009-10 | 82.58 | 77.90 |
| 2010-11 | 84.49 | 78.51 |
| 2011-12 | 88.12 | 80.92 |
| MEAN    | 84.49 | 78.84 |
| CGR     | 5.04  | 4.26  |

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

**Other Income to Total Income:-**

Other salary to aggregate wage uncovers the proportionate share of other pay in complete wage. Other wage incorporates non-interest

pay and working wage. Add up to wage incorporates interest pay, non-interest pay and working pay.

**Table 3:-Other Income to Total Income in SBI and ICICI**

(in Per cent)

| YEAR    | SBI   | ICICI |
|---------|-------|-------|
| 2007-08 | 16.10 | 22.38 |
| 2008-09 | 16    | 20.70 |

|                |       |       |
|----------------|-------|-------|
| <b>2009-10</b> | 17    | 22.09 |
| <b>2010-11</b> | 16    | 21.48 |
| <b>2011-12</b> | 11    | 19.07 |
| <b>MEAN</b>    | 15.22 | 21.44 |
| <b>CGR</b>     | -31.6 | -14.7 |

### 7. FINDINGS AND CONCLUSIONS:-

The review found that the mean of Credit Deposit Ratio in ICICI was higher (89.302 %) than in SBI (76.184%). This demonstrates ICICI Bank has made more credit resources from its deposits when contrasted with SBI. The share of interest costs in complete costs higher in ICICI (63.36 %) as contrast with SBI (59.99 %) and the extent of interest pay to aggregate pay was higher in the event of SBI(84.49 % ) when contrasted with ICICI (78.84%), which demonstrates that individuals incline toward ICICI to contribute their investment funds and SBI to take credits and advances. The proportion of other wage to aggregate salary was moderately higher in ICICI (21.44 %) when contrasted with SBI (15.22 %). The Net Profit Margin of ICICI is higher (14.37 %) while in SBI it was (10.99 %), which demonstrates that ICICI has indicated similarly preferable operational productivity over SBI. The development rate of net benefit is 73.97% in SBI which is higher than ICICI which is 55.49%.

This demonstrates SBI performed well when contrasted with ICICI. The mean estimation of aggregate pay was higher in SBI (87,598.58) when contrasted with that in ICICI (37,282.114). Total assets proportion was likewise higher in SBI (14.11 %) than ICICI (8.87 %), which uncovered that SBI has used its assets all the more proficiently when contrasted with ICICI.

The mean estimation of aggregate consumption was higher in SBI (Rs. 78,784.06 crores) when contrasted with that in ICICI (Rs.32,570.61) and the joined development rate of use was negative (- 1.47%) on account of ICICI though in SBI it is 111.52%. Deposits in SBI were persistently expanded. However deposits in ICICI were diminished (with a declining pattern) till 2009-10 yet these were expanded in the ensuing years. In the event of SBI Advances were persistently expanded (with a diminishing pattern) with the consolidated development rate of (108.16 %), However Advances in ICICI were diminished

(with a declining pattern) till 2009-10 yet these were expanded from there on with joined development rate of (12.45 %). It demonstrates that ICICI has endured with assets or abstain from giving advances through 2007-08 to 2009-10. Consequently, on the premise of the above review or investigation banking client has more trust on people in general sector banks when contrasted with private sector banks.

**REFERENCES:-**

- Maheshwari&Maheshwari, Banking Law and Practices, Himalaya Publishing Pvt Ltd, Allahabad, pp.152.
- Pandey, I.M. Financial Management, Vikas Publishing. House Pvt. Ltd. 2002, pp. 633.
- Study material, Financial Management Unit 17, IGNOU, New Delhi. pp.6
- Trend and progress of banking, RBI, pp.22-23
- Gaylord A Freeman, " The Problem of AdequCrosse in his book on Management Policies for Commercial Banks, pp. 158.
- Development Research Group Study, No. 22, Department of Economic Analysis and Policy,

Reserve Bank of India, Mumbai  
September 20, 2000.

- Financial year report of SBI 2007-08 to 2011-12.
- SBI bulletin publication 2012.
- Financial year report of ICICI Bank 2007-08 to 2011-12.
- ICICI Bank bulletin publication 2012
- RBI statistical table relating to banks 2011-12.

**Information Memorandum**

- SBI and ICICI Bank annual report 2007-12.