
A COMPARATIVE STUDY OF THE FINANCIAL SERVICES IN PUBLIC & PRIVATE SECTOR BANKS: SPECIAL REFERENCE TO ICICI & SBI

KolluSrinivas¹, Dr. Pawan Kumar Varma²
Department of Management
^{1,2}OPJS University, Churu (Rajasthan)
ABSTRACT

Banking Sector assumes a vital part in monetary advancement of a nation. The banking arrangement of India is included by an expansive system of bank offices, serving numerous sorts of money related administrations of the general population. The State Bank of India, famously known as SBI is one of the main bank of public sector in India. SBI has 14 Local Head Offices and 57 Zonal Offices situated at critical urban communities all through the nation. ICICI Bank is second biggest and driving bank of private sectors in India. The Bank has 2,533 branches and 6,800 ATMs in India. The reason for the review is to inspect the budgetary execution of SBI and ICICI Bank, public sector and private sector individually. The exploration is graphic and diagnostic in nature. The information utilized for the review was altogether auxiliary in nature. The present review is led to look at the money related execution of SBI and ICICI Bank on the premise of proportions, for example, credit store, net revenue and so forth. The time of study taken is from the year 2007-08 to 2011-12. The review found that SBI is performing admirably and monetarily solid 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

Banking in India in the present day sense began in the most recent many years of the eighteenth century. The principal banks were Bank of Hindustan (1770-1829) and The General Bank of India, built up 1786 and since ancient. Indian Banking Industry at present utilizes 1,175,149 workers and has a sum of 109,811 branches in India and 171 branches abroad and deals with a total store of 67504.54 billion

(US\$1.1 trillion or €840 billion) and bank credit of 52604.59 billion (US\$880 billion or €650 billion) [1]. The net benefit of the banks working in India was 1027.51 billion (US\$17 billion or €13 billion) against a turnover of 9148.59 billion (US\$150 billion or €110 billion) for the monetary year 2012-13 [2].

2. PROFILE OF BANKS

The SBI

The State Bank of India, prevalently 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 products through its limitless system of branches in India and abroad, including products went for Non-Resident Indians (NRIs) [3]. The headquarter of SBI is at Mumbai. SBI has 14 Local Head Offices and 57 Zonal Offices that are situated at vital 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 business banks of around 20% in stores and loans [4].

The ICICI

ICICI Bank is second biggest and driving bank of private sector in India. It's headquarter in Mumbai, India. As per Forbes State Bank of India is the 29th most rumored company on the planet. The Bank has 2,533 branches and 6,800

ATMs in India. In 1998 ICICI Bank propelled web banking operations [5]. The Bank offers an extensive variety of banking products and money related administrations to the corporate and retail clients. It additionally gives benefits in the zones of funding venture banking, resource administration and life and non-disaster protection. ICICI Bank's equity shares are recorded in India on Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and its American Depository Receipts (ADRs) are likewise recorded on the New York Stock Exchange (NYSE) [6].

3. DATA ANALYSIS & INTERPRETATION

Interest Expenses to Total Expenses:-

Intrigue Expenses to Total Expenses uncovers the costs brought about on enthusiasm for extent to aggregate costs. Banks acknowledges stores from savers and pay interest on these records. This installment of intrigue is known as intrigue costs. Add up to costs incorporate the sum spent as staff costs, intrigue costs, overhead costs and other working costs etc.

TABLE 1:- INTEREST EXPENSES TO TOTAL EXPENSES

(IN PERCENT)		
YEAR	SBI	ICICI
2007-08	61.85	66.135
2008-09	63.27	64.10
2009-10	61.62	60.71
2010-11	54.93	60.70
2011-12	57.90	65.19
MEAN	59.9	63.36
CGR	-6.38	-1.46

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

The table 1 demonstrates that the proportion of interest costs to aggregate costs in SBI was exceedingly unstable it expanded from 61.85 for each penny to 63.27 for every penny amid the period 2007-08 to 2008-09. A short time later it was diminished till 2010-11 and afterward again expanded to 57.90 for every penny. The proportion of interest costs to aggregate costs in ICICI was likewise diminished from 66.135 for every penny to 64.10 for each penny amid the period 2007-08 to 2008-09. It stay stable from 2009-10 to 2010-2011 yet Further it was expanded to 65.19 for each penny in 2011-12. It has been found that the share of interest costs in absolute costs was

higher if there should arise an occurrence of SBI when contrasted with ICICI, which demonstrates that individuals wanted to put their investment funds in SBI than ICICI.

Interest Income to Total Income:-

Interest Income to Total Income demonstrates the proportionate commitment of interest income in all out income. Banks loan cash as loans and advances to the borrowers and get interest on it. This receipt of interest is called interest income. Add up to income incorporates interest income, non-interest income and working income.

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

The table 2 speaks to that the proportion of interest income to aggregate income in SBI and ICICI both is very steady and unpredictable throughout the years. The growth rate of SBI is 5.04 while that of ICICI is 4.26. In this manner, the extent of interest income to aggregate income in SBI was higher than that of ICICI, which demonstrates that individuals favored SBI to take loans and advances.

Other Income to Total Income:-

Other income to aggregate income uncovers the proportionate share of other income in absolute income. Other income incorporates non-interest income and working income. Add up to income incorporates interest income, non-interest income and working income.

TABLE 3:-OTHER INCOME TO TOTAL INCOME IN SBI AND ICICI

(IN PERCENT)

YEAR	SBI	ICICI
2007-08	16.10	22.38
2008-09	16	20.70
2009-10	17	22.09
2010-11	16	21.48
2011-12	11	19.07
MEAN	15.22	21.44
CGR	-31.6	-14.7

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

The table 3 demonstrates that the proportion of other income to aggregate income was decreased from 16.10 for every penny in 2007-08 to 11.00 for every penny in 2011-12 in the event of SBI. Be that as it may, the share of other income in absolute income of ICICI was additionally decreased from 22.38 for every penny in 2007-08 to 19.07 for each penny 2011-12. The table demonstrates that the proportion of other income to aggregate income was

generally higher in ICICI (21.44%) when contrasted with SBI (15.22%) amid the time of study.

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:-GROWTHS 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%
MEAN	87,598.58		37282.114	
CGR	107.15		4.49	

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

The table 4 highlights that the mean estimation of aggregate income was higher in SBI (Rs. 87,598.58 crores) when contrasted with that in ICICI (Rs. 37282.114 crores) amid the time of study. However the rate of growth with respect to aggregate income was higher in SBI (107.15 %) than in ICICI (4.49 %) amid the time of study.

Total Expenditure:-

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

TABLE 5:- 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	30.4%	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%
MEAN	78,784.06		32570.61	
CGR	111.52		-1.47	

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

The table 5 unveils that the mean value of aggregate expenditure was higher in SBI (Rs. 78,784.06 crores) when contrasted with that in ICICI (Rs. 32570.61 crore) amid the time of study. In any case, the rate of growth in regards to expenditure in ICICI was (- 1.47 %) than that in SBI (111.52%) amid a similar period. Unmistakably ICICI is effective in diminishing their aggregate expenditure when contrasted with SBI. The table likewise highlights that the yearly growth rate of expenditure in SBI was most elevated (30.04) in the year 2008-09 and was least (14.01) in the year 2009-10. In ICICI,

the yearly growth rate of expenditure was negative in the year 2009-10 and 2010-11 i.e. (- 18.20) and (- 3.59) individually. Consequently obviously ICICI is more proficient when contrasted with SBI as far as overseeing expenditure.

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 recovery of which is made later on.

TABLE 6- 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%
2010-11	756,719.45	19.75%	216,365.90	19.40%
2011-12	867,578.89	14.6%	253,727.66	17.26%
MEAN	646,578.89		224,645	
CGR	108.16		12.45	

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

Table 6 presents that the mean of Advances of SBI was higher (646,578.89) when contrasted with mean of Advances of ICICI (224,645). Rate of growth was additionally higher in SBI (108.16 %) than in ICICI (12.45%). Table additionally demonstrates the per penny Change in Advances over the time of 5 years. In the event of SBI Advances were persistently expanded (with a diminishing pattern) over the time of

study. However Advances in ICICI were decreased till 2009-10 yet these were expanded in the resulting years.

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 7:-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	-7.40%
2010-11	933,932.81	16.14	225,602.11	11.6%
2011-12	1,04,647.36	11.7%	255,499.96	13.2%
MEAN	812,234		229,179	
CGR	94.20		4.52	

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

Table 7 presents that the mean of Deposits of SBI was higher (812,234) when contrasted with mean of stores of ICICI (229,179%). However the rate of growth was higher in SBI (94.20%) than that in ICICI (4.52%) amid the time of study. Table likewise demonstrates the per penny Change in Deposits over the time of 5 years. If there should be an occurrence of SBI Deposits were consistently fluctuating over the time of study. However stores in ICICI were decreased in 2008-09 and 2009-10 yet these were expanded in the year 2010-11 and 2011-12 with 11.6% and 13.2% separately.

4. 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 advance resources from its stores when contrasted with SBI. The share of interest costs in all out costs higher in ICICI (63.36 %) as contrast with SBI (59.99 %) and the extent of interest income to aggregate income was higher if there should arise an occurrence of SBI(84.49 %) when contrasted with ICICI (78.84%), which demonstrates that individuals lean toward ICICI to contribute their funds and SBI to take loans and advances. The proportion of other income to aggregate income was generally 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 relatively preferable operational productivity over SBI. The growth 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 value of aggregate income 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 productively when contrasted with ICICI.

The mean value of aggregate expenditure was higher in SBI (Rs. 78,784.06 crores) when contrasted with that in ICICI (Rs.32,570.61) and the joined growth rate of expenditure was negative (- 1.47%) on account of ICICI while in SBI it is 111.52%. Stores in SBI were constantly expanded. However stores in ICICI were decreased (with a declining pattern) till 2009-10 yet these were expanded in the consequent years. In the event of SBI Advances were constantly expanded (with a diminishing pattern) with the joined growth rate of (108.16 %), However Advances in ICICI were decreased (with a declining pattern) till 2009-10 yet these were expanded from that point with consolidated growth rate of (12.45 %). It demonstrates that ICICI has endured with assets or abstain from giving advances through 2007-08 to 2009-10. Subsequently, on the premise of the above review or investigation banking client

has more trust on the public sector banks when contrasted with private sector banks.

5. LIMITATION OF THE STUDY

The constraints of the review are:

- The study depends on the optional information and the confinement of utilizing auxiliary 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.

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