

A Study on Financial performance analysis of State bank of India in comparison with Industrial Credit and Investment Corporation of India around Chennai city

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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 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 purpose of the study is to examine the financial performance of SBI and ICICI Bank, public sector and private sector respectively. The research is descriptive and analytical in nature. The data used for the study was entirely secondary in nature. 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 margin etc. 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.

1.1.Introduction: Finance is the lifeblood of any business it may be profit earning institution or service institution the main aim is to earn profit to enhance their sector and for future scope of growth (Saminathan *et al.*, 2020a) . The banking industry plays an important role in the economic development of a country. It supplies the lifeblood-money that supports and fosters growth in all the it is now necessary to compare both financial performance as the banking sector has been strongly influenced by globalization, privatization and liberalization (Saminathan *et al.*, 2020b; Karthick *et al.*, 2020a).In today's competitive world and due to emergence of private banks which has brought a wide changes in maintaining the transparency, efficiency and sustainability and Growth of the banking sector is measured by the increase in the number of banks' branches, deposits, credit, etc (Karthick *et al.*, 2020b). In analyzing the banking sector, it indicates the direction in which the country's economy is moving (Kavitha & Gopinath, 2020a). so that which has brought immense competition and the pressure and risk have increased consistently (Kavitha & Gopinath, 2020b) our research is to compare the financial performance between state bank of India and industrial credit and investment corporation of India around Chennai.

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1.2. ICICI Bank : This is the second largest private sector bank in India having 2,552 branches. It is among the top commercial banks of India providing a wide range of banking services through varied delivery channels. Besides offering high-end banking facilities such as Internet banking, Tele Banking, and Mobile Banking, ICICI also plays a pivotal role in the domains of investment banking, venture capital and asset management, and life and non-life insurance

1.3. SBI : The oldest bank of India and India's largest commercial bank, which is a government, owned bank was established in 1806. The bank provides a wide array of banking products through their effective network not only in India but also overseas. The bank has about 18,266 branches, including 4,724 branches.

1.4. Objectives of the Study

1. To compare the financial performance of State Bank of India and ICICI Bank.
2. To know and compare the profitability position of State Bank of India and ICICI Bank.
3. To know and compare the managerial efficiency of State Bank of India and ICICI Bank.
4. To analyse the financial position to enhance the financial performance of State Bank of India and ICICI Bank.

1.5. Research methodology: The broad objective of the banking sector reforms in India has been to increase efficiency and profitability of the banks (Gopinath, 2019a). Prior to banking reforms, the industry was a near monopoly dominated by public sector banks. However, the banking Financial Performance of State Bank of India and ICICI Bank .A research design is a systematic methodology prepared to guide and direct the research study .it follows a pattern and techniques which needs to be followed for attaining the purpose. The aim of our research is to analyse the financial performance of state bank of India and industrial credit and investment corporation of India at Chennai for this ratio analysis have been chosen as analytical part of our study.

1.6. Review of literature:

1. Gauda(2019): used network of banks, productivity of banks, capital adequacy ratio, growth of banks as an indicator of measuring banks performance. The study related that private sector banks have expanded faster than public sector banks. The capital adequacy of new private sector banks is above RBI minimum requirements. However the assets base of public sector banks raise faster than private sector banks.

2. Dr. (Mrs.) Annesha(2018): It is very important for the customer to spend some of their time in banks to avail all services. Relationship marketing should be emphasized on the co-operate staff members and special training should be provided also private banks are ahead of public banks in the strategic intent. Also in order to keep the customer satisfied the infrastructure of the banks decor sitting facility are adequate also overall improvement of the banks is necessary by making the customers available with the latest technology and services. Naloni studied the service quality model for customers in PSB's she stated that the entry of new private sector banks has led to improve customer service and products.

3. Renuga (2019): The main objective of this paper is to make a comparative study between private sector banks and public sector banks and the adoption of various services provided by this bank. The different services provided by these banks are M-Banking, Net banking, ATM, etc. One of the services provided by the bank i.e. Mobile banking helps us to conduct numerous financial transactions through mobile phone or Personal Digital Assistant (PDA). Data analysis had been made in private sector banks like ICICI Bank,

INDUSSIND Bank, HDFC Bank, Axis Bank and public sector banks like SBI Bank, SBBJ, IDBI and OBC Bank. These banks also provide Mobile Banking service. The overall study showed that the transaction of Mobile banking through public sector bank is higher than private sector.

4. Richa chaudhary & Harsh purohit (2020): Banking institution try to spread Green environment product by way of Finance to those Industries which make "Green Product" Eg : Automobile Industry give more importance to battery bike or solar car etc. Green banking is an umbrella that makes bank sustainable in Economic, environment & Social dimensions. Green banking is making technological improvement in banking sector. It is a smart way of thinking with a vision of future sustainability. Green banking is still a major issue & can take an important for development of our country India. The environmental friendly activities such as using energy efficient alliance, implement green data centers help in improving their operational efficiency as well as cost saving factor for a long run.

5.Gajreva(2021) in his research article an financial performance evaluation of private and public sector banks found that there in significance difference in the financial performance of these banks and private sector banks are performed better than public sector banks in respect of capital adequacy ratio and financial performance.

1.7.Data analysis and interpretation :

2.1Current Ratio:

STATE BANK OF INDIA:

YEAR	CURRENT ASSETS (cr)	CURRENT LIABILITY(cr)	PERCENTAGE OF RATIO
2014-15	2429904	3429904.02	0.70
2016-17	2257617.58	2357617.55	0.95
2017-18	2948079.80	2048079.80	1.43
2018-19	5762746.28	1792742.29	3.21
2019-20	4565456.39	1465898.43	3.11
2020-21	5345678.09	1307235.87	4.08
2021-22	6534556.87	1245687.79	5.24

ICICI:

YEAR	CURRENT ASSETS(cr)	CURRENT LIABILITY(cr)	PERCENTAGE OF RATIO
2014-15	813484.50	594641.50	1.37
2015-16	641179.29	645129.30	0.99
2016-17	747277.43	717877.54	1.04
2017-18	766749.32	768749.31	0.99
2018-19	676185.97	876185.98	0.77
2019-20	5490873.45	478904.56	1.46
2020-21	6089765.67	543421.98	11.20
2021-22	7087564.32	457689.89	13.43

Interpretation: As we compare annual sources of both SBI and ICICI in the year 2014-15 it has been revealed that SBI liability is higher as compared to their total assets but ICICI even it is an private sector

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bank its assets are more than its liabilities so current ratio of ICICI is 1.37 which is in increasing position than SBI which is 0.70. at the same when we analyse next year that is 2015-16 SBI is higher than ICICI that is 1 when compared to ICICI that is 0.99 as we compare subsequent years it is identified that SBI position is decreasing due to more liabilities if we take 2017-18 it is clarified that SBI is in good financial position that is 1.43 as we compare to ICICI in 2018-19 frequently SBI is in fast profit moving sector that is 3.79 compared to ICICI that is just 0.77 percentage. it is identified that during 2020-21 current ratio has been decreased by and also during 2021-22 that ratio percentage has been increased to 13.43 percentage.

2.2.DEBT EQUITY RATIO:

SBI:

YEAR	DEBT & EQUITY	NET WORTH	RATIO PERCENTAGE
2014-15	194740.55	3068485.36	0.0634
2015-16	156700.41	2362445.05	0.0663
2016-17	144274.44	2054067.03	0.0702
2017-18	175438.22	1781943.54	0.0984
2018-19	118282.25	1577539.38	0.0749
2019-20	134567.78	1356456.89	0.9.98
2020-21	117890.56	1345678.90	0.8.87
2021-22	1089321.62	1678904.56	6.483

ICICI:

YEAR	DEBT & EQUITY	NETWORTH	RATIO & PERCENTAGE
2014-15	73213.32	486672.11	0.150
2015-16	80429.36	533980.08	0.151
2016-17	86918.11	596233.09	0.145
2017-18	96908.94	637595.21	0.151
2018-19	102115.75	743833.83	0.137
2019-20	1245678.43	345623.26	0.360
2020-21	1345765.34	456789.54	0.294
2021-22	1245689.45	234512.34	0.534

Interpretation: This study reveals that net worth of both SBI and ICICI is lower as compared to their debts in the year 2014-15 it is 0.634 as compared to ICICI it is 0.153 which is in good financial setup same scenario is going on in the year 2015-16 it is 0.151 for ICICI and for SBI it is 0.663 which is slight higher comparing to the previous year same continued in the year 2016-17 also ICICI condition is not good in financial position SBI is increasing its debt slowly which is not advisable in the year 2018-19 SBI rectified its bad debts but ICICI is in same condition which is neither rectified nor good. as compared to the ratio during 2020-21 it has been increased to and also the debt has been decreased after the recovery of covid situation to percentage in the year 2022 increased to 0.534 percentage.

2.3.NET PROFIT RATIO:**SBI**

YEAR	INCOME AND INT EARNED	NET PROFIT	RATIO PERCENTAGE
2014-15	10891.17	154903.72	7.30
2015-16	13101.57	174972.96	7.487
2016-17	9950.85	191843.67	5.186
2017-18	10484.10	210979.17	4.969
2018-19	-6547.45	265100.01	-2.469
2019-20	43567.89	2134588.89	20.4
2020-21	12345.23	1765421.23	6.99
2021-22	45623.18	1345890.45	13.87

ICICI

YEAR	INCOME AND INT EARNED	NETPROFIT	RATIO PERCENTAGE
2014-15	9810.48	54606.92	5.56
2015-16	11175.35	61267.27	5.48
2016-17	9726.29	68062.48	6.99
2017-18	9801.09	73660.76	7.50
2018-19	6777.42	72385.52	10.68
2019-20	23456.34	34589.78	6.78
2020-21	45678.54	234678.90	12.64
2021-22	342389.87	342567.78	13.89

Interpretation :This study depicts that during the year 2014-15 profit of SBI is 7.30 percentage and it is more than ICICI and in 2015-16 it is 7.487 in SBI increased slightly in 2016-17 that is 5.186 in SBI 6.99 increased in ICICI on 2016-17 more than SBI continuously 7.50 in 2017-18 and 10.68 in 2018-19 increased but in case SBI is very low which is good for the bank. during 2020-21 the net profit has been increased to 12.64 and also have recovered the income increased during the year at percentage 13.89 percentage and SBI at 13.87 in the year 2022 it has been increased to 13.89 percentage .

1.8. FINDINGS:

1.The average Net Profit Ratio of SBI is 13.87% and ICICI bank is 13.89., which implies that the Net Profit Ratio of ICICI bank is 0.25%, which is more than that of the SBI (Gopinath, 2019b).

2.The debt equity Ratio of SBI is 6.65% and that of ICICI bank is 0.534.49%, which implies that the Operating Profit Ratio of SBI is 6.4836%, which is more than that of the ICICI bank (Gopinath *et al.*, 2019a)

3. The average current Ratio of SBI is 5.37.% and that of ICICI bank is 13.34%, which implies that the private current ratio is higher than that of national bank.

1.9.SUGGESTIONS:

Therefore, the ICICI Bank may take some measures to increase income over expenditure for increasing Earning per Share. Debt-equity Ratio of SBI is higher when compared to ICICI Bank. As a result, SBI should have a control on their debts (Gopinath *et al.*, 2019b). Interest Expended to Interest Earned ratio of ICICI Bank is less satisfactory when compared to SBI. It is suggested that the ICICI Bank may take some steps to increase the interest earning capacity of the bank. As the Advances of ICICI Bank is low and it is suggested that the bank should concentrate on Advances by providing the loans with affordable interest rate.

1.10. CONCLUSIONS.

As we compare all the private and nationalized banks the two largest banks in India in public and private sectors respectively are state bank of India and industrial credit and investment corporation of India. To compare the financial analysis of the banks, various ratios have been used to measure the banks' profitability, mainly current ratio, debt equity ratio and net profit ratio (Gopinath, 2017). According to the analysis, both the banks are maintaining the required standards and running profitably. The comparison of the performance of SBI and ICICI Bank indicates that are significant difference between performance of SBI and ICICI it is fruitful to know the standards of private banks also playing major role in enhancing the economy of country as compared to same level of nationalized bank like state bank of India.

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