

# Chapter – 7

# Chapter – 7 Findings, Suggestion and Conclusion

## 7.1 Introduction

In the present era banking sector has become a life blood of an economic environment. Banking sector helps in supporting finance which is a legitimate financial system is vital for healthful and vibrant financial system. The banking sector contains most important aspects of the financial services Industry. The overall performance of any economic system to a large extent is depending on the performance of the banking region. The Banking Zone's performance is visible as the replica of the financial activates of the nation, as a healthful Banking technique acts as the bed rock of social, financial and commercial boom of a country. It's far critical to degree the overall performance of the banking zone via a performance dimension system that offers an opportunity to evaluate the overall performance of Indian banks. The prevailing supervisory system in the banking sector is a enormous development over the earlier system in terms of frequency, coverage and focus as additionally as the device employed.

An enormous test has been conducted to know the efficiency of Banks. Following are the findings which has been find out with the help of statistical tools like Mean, Standard Deviation, Ranking, Growth, t-test, ANOVAs Tests are conducted to know whether there is a significant difference or not.

## 7.2 Findings

### 7.2.1 Findings based on CAMELS Model:

#### Capital Adequacy:

Capital Adequacy Ratio (capital to Risk Weighted Assets) is the most widely employed measure of soundness of banks. From the growth rate it has been found that the highest growth rate of capital adequacy found at ICICI Bank , while Canara Bank , Bank of India are indicating negative growth rate in capital adequacy among all banks which indicates bank' inability in the adverse developments.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that two banks in public sector, i.e. Bank of India, Canara banks are indicating negative CV in capital adequacy, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Yes and Axis Banks are indicating positive CV in capital adequacy. Most of the private sector banks capital adequacy is better than the public sector banks.

From the Anova test it has been found that the level of difference between and within groups of different public and private sector banks in capital adequacy found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in capital adequacy.

From the t-test it has been found that the average performance of capital adequacy of private sector banks found significant higher than the public sector banks . With this distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of capital adequacy where private sector banks mean value is higher than public sector banks mean value.

From the above all tests it has been concluded that all the selected banks are in a position to maintain minimum capital but with the average value of Kotak Bank has occupied top position with its average value followed by ICICI Bank and Yes Bank among all public and private sector banks. Canara Bank has least average in capital adequacy among all banks under study. This bank is taking high risk as their capital adequacy found lowest.

#### **Advances to total Assets Ratio:**

Advances to Assets are the proportion of total advances to total assets. There is a direct relationship with banks to get more profits. From the average it has been found that I case of growth rate HDFC Bank is having positive tendency while ICICI and Canara Bank are indicating negative growth rate. In case of co-efficient of variation only one Bank in Private sector i.e .ICICI is having negative co-efficient of Variation where as in Public

sector canara bank has –ve variation most of the Private sector banks in the respective ratio is better than Public sector Banks.

From Anova test it has been resulted that the level of difference between and within groups of different public and private sector banks in advances to total assets ratio found significant at 1 percent. This indicates that there is significant difference between and within the groups of public and private sector banks in advances to total assets ratio.

From t-test it shows that there is no significant difference between Public and Private sector banks which resulted that calculated t value is not found significant and average performance of Public sector Banks is higher than the Private sector Banks in terms of mean difference.

From the above all tests it has been concluded that Yes Bank is in top position and ICICI Bank is in bottom position which clearly indicates that it is more liberal while sanctioning advances. So it needs to follow rules strictly while sanctioning advances.

#### **Government securities to Investment ratio:**

It is the most safe debt tool which indicates the higher the ratio there will be a lower risk. In aspect of growth tendency highest growth rate can be found in BOB but Yes Bank and ICICI Bank are indicating negative growth rate

In co-efficient of Variation public sector Banks has positive Variation whereas in private Banks i.e. Yes Bank and ICICI has negative Variation. It indicates that it is better to invest in Public sector Banks rather than Private sector banks as most of the Public sector Banks has positive variance.

From Anova test it has been found that the level of difference between group and within groups of select Public and Private sector Banks found significant. It indicates that there is a significant difference in between them.

From t-test it has been found that there is a significant difference between public and private sector banks where Public sector Banks mean value is higher than Private sector Banks.

From the above all tests it has been concluded for the respective ratio BOB has occupied top position and the next position are followed by Public sector Banks i.e. top 5 positions and from 6 to 10 positions are followed by Private sector Banks which clearly indicates that it is better to invest in Public sector Banks rather than Private sector Banks.

### **Asset Quality:**

#### **Gross NPAs: .**

Gross NPA reflects the quality of the loans made by banks. SBI is in bottom position followed by ICICI bank among all public and private sector banks. From the growth rate it has been found that Punjab national bank is in worst stage where as HDFC is in good condition interms Of gross NPA.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that only one bank in private sector, i.e. HDFC Bank is indicate negative CV in Gross NPA, (which is a positive sign) whereas in public sector all banks are indicate positive CV in Gross NPA. i.e. Most of the private sector banks Gross NPA is better than the public sector banks.

From the Anova test it has been found that level of difference between and within groups of different public and private sector banks in gross NPA found significant and this indicates that there is significant difference between and within the groups of public and private sector banks in gross NPA..

From the t-test it has been found that gross NPA of private sector banks found significant than the public sector banks. Private sector banks are able to manage the risk efficiently compared to public sector banks.

From the above all tests it has been concluded that there is a significant difference between public and private sector banks. Private sector banks are able to manage the risk efficiently. From the mean values of yes bank is in top position followed by HDFC bank. Top four positions are occupied by private sector banks and the next respective positions

are occupied by public sector banks so public sector banks are need to concentrate more in tackling the risk.

### **Net NPAs Ratio:**

Like gross NPAs ratio, low level of net NPAs ratio indicates quality of credit risk management and quality of assets. Net NPA shows the actual burden of the Banks. Net NPAs ratio of banks declined steadily over the period of study. the highest growth rate of Net NPA found at Punjab National Bank while HDFC Bank, Axis bank, ICICI bank are indicating negative value but it is a positive growth rate in Net NPA among all banks. In the distribution, the ranks pertaining to Net NPA of the banks based on the growth rate shows first four positions possessed by private sector banks i.e. yes, HDFC, Axis, Kotak and BOB followed by PNB, BOI with 6<sup>th</sup> & 7<sup>th</sup> position.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that three bank in private sector, i.e. HDFC, ICICI, Axis banks are indicating negative CV in Net NPA, whereas in all public sector banks are indicating positive CV in Net NPA. Most of the private sector banks Net NPA is better than the public sector banks.

From the Anova test it has been found that the level of difference between and within groups of different public and private sector banks in Net NPA found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in Net NPA.

From the t-test it has been found that mean difference between public and private banks in net NPA shows that average performance of net NPA of private sector banks found significant better than the public sector banks.

### **Loan Loss Coverage Ratio (LCR)**

**Loan loss** coverage Ratio (LCR) helps the banks to meet financial obligations. In broader sense, the higher the coverage ratio, the better the ability of the bank to meet its future obligations. It is observed that the highest growth rate of LCR found at Canara Bank,

Punjab National Bank and Bank of India are indicating negative growth rate in LCR among all banks. In the distribution, the ranks pertaining to LCR of the banks based on the growth rate shows 1<sup>st</sup> rank possessed by public sector bank i.e. Canara and 2<sup>nd</sup> rank possessed by private sector bank i.e. Axis followed by SBI and HDFC with 3<sup>rd</sup> & 4<sup>th</sup> ranks.

From the co-efficient of variation it is found that two banks in public sector, i.e. Punjab National Bank and Bank of India are indicating negative CV in LCR, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Axis and Yes Banks are indicating positive CV in LCR. Most of the private sector banks PCR is better than the public sector banks.

From the anova test it has found that among the five selected public sector banks the highest average performance in Loan loss coverage ratio among public sector banks observed by Punjab National Bank and lowest performance observed by Canara Bank . Whereas, highest average performance among private sector banks observed by the Yes bank and lowest performance observed by the Kotak Bank. the level of difference between and within groups of different public and private sector banks in provision coverage ratio found significant at 1percent. This indicates that there is a significant difference between and within the groups of public and private sector banks in Loan loss coverage ratio.

From the t-test it has found that the average performance of Loan loss coverage ratio of private sector banks found significant higher than the public sector banks. With this distribution of data is calculated t-value is 2.78 found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of provision coverage ratio where private sector banks mean value is higher than public sector banks mean value.

From the above all tests it has been concluded that yes bank is in top position followed by Punjab National Bank and HDFC Bank among all public and private sector banks. Among all banks canara bank is in bottom position which indicates it is unable to meet financial obligations.

## **Management Quality**

### **Loan-to-Deposit ratio:**

Loans-to-deposit ratio indicates the extent up to, which the bank has already used up its available resources to accommodate the credit needs of the customers. On the basis of growth rate it has been found that the highest growth rate of loan deposit found at Kotak Bank, while Canara Bank, is indicating negative growth rate in loan deposit among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that only one bank in public sector, i.e. Canara is indicating negative CV in loan deposit, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Yes and Axis Banks are indicating positive CV in loan deposit. Most of the private sector banks loan deposit is better than the public sector banks.

From the Anova test it has been found that table the level of difference between and within groups of different public and private sector banks in loan deposit found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in loan deposit.

From the t-test it has been found that the distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of loan deposits where private sector banks mean value is higher than public sector banks mean value.

From the above all analysis it has been concluded that the Kotak Bank has occupied top position with its average value followed by ICICI Bank and State Bank of India among all public and private sector banks. Canara bank has least average in loan deposit among all banks under study. Kotak Mahindra bank and HDFC is full efficient in utilizing the resources where as Bank of Baroda is fully inefficient.

### **Asset Turnover Ratio:**

It is the ratio which determines the how a bank is using its assets to make revenues from it. In aspect of growth tendency only canara Bank has positive growth rate where as remaining banks are having negative growth rate and the highest negative growth rate found by ICICI and Yes Bank.

In aspect of co-efficient of variation It resulted that in all private sector banks i.e. HDFC, ICICI, Kotak, Axis and Yes banks are indicating negative Co-efficient of Variation in whereas in public sector two banks i.e. PNB and Canara banks are indicating positive. Most of the public sector banks assets turnover is better than the private sector banks

From Anova test it has been found that the level of difference between and within groups of different public and private sector banks in asset turnover ratio has found significant. This indicates that there is a **significant difference between** and within the groups of public and private sector banks in asset turnover ratio.

From t-test it has been found that the average performance of asset turnover ratio of private sector banks found significant higher than the public sector banks, calculated t-value is found significant at 1 percent. This results that there is a significant difference between public and private sector banks in terms of asset turnover ratio, where private sector banks mean value is higher than the public sector banks mean value.

From the above all tests it has been concluded that Kotak bank has occupied top position with its average value followed by Yes Bank and HDFC Bank i.e. good in utilisation of assets among select public and private sector banks. Bank of Baroda has lest average of assets in turnover ratio among all banks under study. It indicates that this bank is inefficient in management of assets, as their Assets in turnover ratio found lowest.

### **Business per Employee:**

Business per employee represents business generated by each employee in banks. In growth tendency in business per employee State Bank of India , has positive growth

while Axis Bank and ICICI Bank has highest negative growth rate in BPE among all banks.

The co-efficient of Variation revealed that private sector banks has negative CV, whereas in public sector only one bank i.e. SBI bank has positive CV in BPE. Finally it resulted that Public sector Banks has positive co-efficient of variation.

From t-test it has been found that the level of difference between and within groups of difference in public and private sector banks of business per employee not found significant. This indicates that there is no significant difference between and within the groups of public and private sector banks in aspect of business per employee.

From t-test it has been found that calculated t-value is not found significant. This results that there is no significant difference between public and private sector banks in aspect of BPE

From the above all tests it has been found that Yes Bank has occupied has top position followed by Axis and ICICI Bank which indicates that these banks has better management capability among selected public and private sector banks. . Kotak Mahindra Bank has least average among selected banks. This indicates that Kotak Mahindra Bank has low productivity , as their Business Per Employee found lowest.

#### **Expenditure-to-Income ratio:**

The expenditure-to-income ratio is also reflective Bank's efficiency. . Higher ratio being indicative of more efficiently managed bank. In growth tendency the highest growth rate of Expenditure-to-Income ratio found at Kotak Mahindra Bank is positive while HDFC Bank is indicating negative growth rate among select Public and Private sector Banks.

In case of co-efficient of variation that only one bank in public sector, i.e. Bank of Baroda is indicate positive Co-efficient of Variation , whereas in private sector two banks are indicate positive variation. It indicates that Private sector banks are efficient in minimising the expenditure compared to selected Public sector Banks.

In Anova test it has been found that table the level of difference between and within groups of different public and private sector banks in Expenditure-to-Income ratio found significant. This indicates that there is significant difference between and within the groups of public and private sector banks in Expenditure-to-Income ratio.

In t-test found the mean difference between public and private banks in expenditure-to-Income ratio is calculated t-value found 1 percent significant . This infers that there is a significant difference between public and private sector banks in terms of expenditure-to-Income ratio where private sector banks mean value is higher than public sector banks mean value.

From the above all tests it has been concluded that HDFC Bank has occupied top position followed by ICICI and Axis Bank. HDFC bank is efficient as the respective ratio found highest where as SBI, BOI is in-efficient as it is found lowest which is inefficient in minimizing the expenditure.

## **Earnings**

### **Return on assets:**

Return on Assets (ROA) is one of the widely used measure of profitability. A bank with higher level of ROA is inherently sounder than one with a lower level of ROA. On the basis of mean values yes bank has occupied top position followed by HDFC Bank where as Bank of India has found lowest .

From Anova test it has been found that level of difference between and within groups of different public and private sector banks in return on assets found significant at 1percent. Whereas, in sum of squares between the groups is 9.93 and within the groups is 6.65 and the f-value is 14.94. This indicates that there is significant difference between and within the groups of public and private sector banks in return on assets.

From t-test it has been found that average performance of return on assets of private sector banks (1.54) found significant higher than the public sector banks (0.94) and the respective standard deviations are 0.30 and 0.26. With this distribution of data is

calculated t-value is 10.74 found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of return on assets where private sector banks mean value is higher than public sector banks mean value.

From the ranking pattern Yes Bank is on top position followed by followed by HDFC where as Bank of India (BOI) and State Bank of India (SBI) is in bottom position. Public sector banks are needed to improve their profitability as top positions are occupied by private sector Banks.

**Return on Net Worth (RONW):** It indicates the bank's ability to generate income on the investment of shareholders funds. Return on net worth is directly proportional to bank's profitability. On the basis of growth rate Yes Bank (82.78 percent), while Canara Bank (-104.17 percent), Punjab National Bank (-103.52 percent) and Bank of India (-91.59 percent) are indicating highest negative growth rate in RNW among all banks. In the distribution the ranks pertaining to RNW of the banks based on the growth rate shows first three ranks possessed by private sector banks i.e. Yes, Kotak and ICICI followed by Bank of Baroda and HDFC with 4<sup>th</sup> & 5<sup>th</sup> ranks.

From Anova test it has been found that within groups of different public and private sector banks in return on net worth found significant at 1percent. Whereas in sum of squares between the groups is 566.88 and within the groups is 1419.40 and the f-value is 3.99. This indicates that there is significant difference between and within the groups of public and private sector banks in return on net worth.

From t-test it can be found that the distribution of data is calculated t-value is 0.09, not found significant because the p-value is 0.93. This infers that there is no significant difference between public and private sector banks in performance of return on assets as top three positions are occupied by private sector banks and the next consecutive places are occupied by public sector banks.

From the ranking pattern based on average values Axis bank is on top position followed by Yes Bank where as Kotak Mahindra Bank and ICICI is on bottom position, except

top and bottom positions in between positions are occupied by public sector banks. Kotak and ICICI banks are need to improve their ability to generate income on the investment of share holders funds

### **Spread Ratio:**

Spread ratio identifies and evaluates the core earning capacity of the bank. Optimising this ratio is one of the objectives of ALM. Higher spread ratio is indicative of the better earnings capacity of the Banks. In case of growth tendency the growth rate of ICICI bank is highest, while Kotak Mahindra Bank, Bank of India, Canara Bank are indicating highest negative growth rate among selected public and Private sector Banks.

In case of co-efficient of variation revealed that in private sector two banks i.e. ICICI and Axis, banks are indicating positive Co-efficient of Variation whereas in public sector only one bank i.e. SBI bank has positive Variation. It resulted that private sector banks Spread ratio is better than the public sector banks.

From Anova test it has been found that level of significance between and within groups of select Public and Private sector Banks and it has been found that spread ratio significant at 1percent. This infers that there is a significant difference between and within the groups of public and private sector banks in spread ratio.

From t-test it has been found that mean difference in spread ratio of public sector banks found significant than the private sector banks. Calculated t-value is found not significant. This results that there is no significant difference between public and private sector banks in terms of spread ratio.

From the above all tests it has been concluded that HDFC Bank has occupied top position followed by kotak Mahindra Bank, Punjab National Bank and Yes Bank has occupied bottom position among select Public and Private sector Banks. It indicates that Yes Bank is having low earnings, as their average is lowest.

### **Interest Income to Average working fund:**

Interest Income as a percentage of average working funds (AWF) reflects the operational efficiency of manager in generating income from the interest based services. In aspect of growth tendency It is exhibited that the highest growth rate of ratio found at Yes Bank , while Bank of Baroda and Bank of India are indicating negative growth rate among select Public and Private sector banks.

In aspect of co-efficient of Variation private sector Banks has positive co-efficient of variation where as in Public sector Banks two banks i.e. Bank of India and Bank of Baroda has negative co-efficient of variation which infers that there is less operational efficient finally it has been concluded that private sector banks Interest income-to-average working fund ratio is better than the public sector banks.

From Anova test it has been found that the level of difference between groups and within groups of select public and private sector banks in interest income/ Avg working fund found significant at 1 percent. This infers that there is a **significant difference** between and within the groups of public and private sector banks in interest income/ Avg working fund.

Fromt-test it has been found that mean difference between select public and private sector banks in interest income/average working fund which exhibited that private sector banks found significant higher than the public sector banks, calculated t-value which is 1 percent significant. This infers that there is a **significant difference** between public and private sector banks in performance of interest income/average working fund, which resulted that private sector banks is getting higher income than the public sector banks

From the above all tests it has been concluded that Kotak Mahindra bank has occupied top position with its average value followed by Yes Bank and HDFC Bank where as Bank of Baroda has least average it indicates that BOB is in bottom position which infers that it is incurring low income among select public and private sector banks.

### **Non-Interest Income to average Working Funds:**

The ratio of non-Interest Income to average working funds (AWF) reflects the operational efficiency of banks. Higher ratio reflects managerial dynamics in Income from fee based services. In aspect of growth tendency It is found that Axis Bank has highest growth rate but Yes Bank and Bank of India are indicating highest negative growth rate among select Public and Private sector Banks. Except Axis Banks remaining banks are indicating negative growth rate.

In aspect of co-efficient of Variation resulted that among private sector only one bank i.e. Axis bank is indicating positive Co-efficient of Variation, whereas in public sector no bank is indicating positive sign so it can be concluded that private sector banks Non-Interest Income/Average working fund found better than the public sector banks.

From Anova test it has been found that level of significance between groups and within groups of select Public and private sector banks in NII/AWF observed significant at 1 percent. This infers that there is a **significant difference** between groups and within the groups of select public and private sector banks in NII/AWF.

From t-test it has been found that mean difference between select public and private banks in NII/AWF which exhibits that the average performance of private sector banks found significant higher than the public sector banks, distribution calculated t-value found 1 percent significant. This indicates that there is a **significant difference** between public and private sector banks in aspect of NII/AWF.

From above all tests it has been concluded that Axis bank has occupied top position and its followed by Yes Bank and ICICI Bank, where as Bank of Baroda (0.97 percent) has occupied bottom position. It Indicates that BOB is getting low income, as their mean value found lowest among select public and private sector banks.

## **Liquidity Analysis:**

### **Liquid Assets to total Assets:**

Higher the proportion of liquid assets in total assets, higher would be the liquidity of bank. From the growth tendency Yes Bank has highest growth rate but PNB, ICICI Bank, SBI are indicating highest negative growth rate among select Public and Private sector Banks.

In aspect of co-efficient of Variation only one bank in private sector, i.e. Yes bank is indicate positive co-efficient of Variation whereas select public sector is having negative co-efficient of variation. It can be concluded that Private sector banks are performing better than Public sector Banks

From Anova test it has been found that the level of difference between groups and within groups of select public and private sector banks in liquidity assets to total assets found significant at 1 percent, which infers that there is significant difference between and within the groups of public and private sector banks in respect of liquid assets to total assets.

From t-test it has been found that the mean difference between select public and private banks in liquid assets to total assets, calculated t-value which is less than 1percent which resulted that there is no significant difference between select public and private sector banks.

From above all tests it has been concluded that Kotak Mahindra Bank has occupied top position and followed by Punjab National Bank (28.61 percent) and Canara Bank (28.36 Percent) where as ICICI bank (19.73 percent) is in bottom position among select public and private sector banks. ICICI Bank is facing low liquidity, as it is in bottom.

### **Liquid Assets-to-total deposits:**

Liquid assets to total deposit ratio measures the extent to which bank's assets are financed by the deposits of its customers. Higher level of the ratio represents greater vulnerability to liquidity problem in the event of a run up on the bank. In aspect of

growth tendency Yes Bank has only positive growth while PNB, Kotak Mahindra Bank, HDFC Bank are indicating highest negative growth rate in the respective ratio among select Public and Private sector Banks.

In aspect of co-efficient of variation resulted that i.e. Yes bank is indicate positive variation whereas select public sector banks are indicating negative co-efficient of Variation. It resulted that private sector banks respective ratio is better than public sector banks.

From Anova test it has been found that the level of difference between groups and within groups of select public and private sector banks in respective ratio found significant at 1percent. This infers that there is significant difference between and within the groups of select public and private sector banks.

From t-test it has been found that the mean difference between select public and private sector banks, distribution calculated t-value is not found significant because p-value is less than 1 Percent, which indicates that there is **no significant difference between** select Public and Private sector Banks.

### **Investment-to-Deposit**

Investment deposit is a term deposit with investment risk. It is a very crucial determinant of any bank for measuring efficiency in deposit management. Because a bank take deposits from their valued customers and it has to ensure security by investing their money in profitable sector. So ability to pay profit to the depositors depends on the bank's earnings. From the growth rate it has been found that the positive growth rate of ITD found at Yes Bank and Canara bank otherwise all banks are indicating negative growth rate in ITD. Kotak bank, HDFC bank, Bank of Baroda are indicating highest negative growth rate found in ITD among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that four banks in public sector, i.e. State Bank of India, Bank of Baroda, Punjab National Bank, and Bank of India are indicating negative CV and another one is Canara Bank is indicating zero CV in ITD, whereas four banks in

private sector, i.e. Kotak, HDFC, ICICI and Axis Banks are also indicating negative CV in ITD. Most of the private sector banks ITD is better than the public sector banks.

From the Anova test it has been found that the level of difference between and within groups of different public and private sector banks in investment to deposit found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in investment to deposit.

From the t-test it has been found that the average performance of investment to deposit of private sector banks found significant higher than the public sector banks . With this distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of investment to deposit where private sector banks mean value is higher than public sector banks mean value.

From the overall analysis it has been found that , Kotak Bank has occupied top position with its average value followed by ICICI Bank and Yes Bank among all public and private sector banks. Bank of Baroda has least average in ITD among all banks under study i.e. which is inefficient in deposit management.

### **Sensitivity to Market Risk:**

#### **GAP Analysis:**

GAP Analysis is technique of asset liability management that can be used to access Interest rate risk or Liquidity risk. . The positive GAP indicates that it has more RSA's than RSL's where as the negative GAP indicates that it has more RSL's. The GAP reports indicate where the bank is in a position to benefit from rising interest rates by having a positive GAP ( $RSA > RSL$ ) whether it is in a position to benefit from declining Interest rate by a negative GAP ( $RSL > RSA$ ).

In aspect of growth tendency the highest growth rate of Ratio found at State Bank of India followed by Bank of India and ICICI Bank, while the remaining banks are indicating negative growth rate in Ratio among all banks. In case of co-efficient of

Variation that two banks in public sector, i.e. State Bank of India and Bank of India are indicates positive CV in Ratio, whereas in private sector four banks are indicates negative CV i.e. Kotak, HDFC, Yes, Axis banks. Most of the public sector banks Ratio is found better than the private sector banks.

From Anova test it has been found that table the level of difference between and within groups of different public and private sector banks in Ratio found significant at 1percent which indicates that there is significant difference between and within the groups of public and private sector banks.

From t-test it has been found that the mean difference between public and private banks, calculated t-value is not found significant. This infers that there is no significant difference between public and private sector banks in performance of Ratio.

From the above all tests it has been concluded that HDFC Bank has occupied top position with its average value followed by Punjab National Bank and AXIS Bank among all public and private sector banks. YES Bank has least average in Ratio among all banks under study. These banks are taking high risk as their Ratio found lowest.

## **7.2.2 Findings Based on EAGLES of the study**

### **Earnings:**

#### **Return on assets:**

Return on Assets (ROA) is one of the widely used measures of profitability. A bank with higher level of ROA is inherently sounder than one with a lower level of ROA. On the basis of mean values yes bank has occupied top position followed by HDFC Bank where as Bank of India has found lowest.

From Anova test it has been found that level of difference between and within groups of different public and private sector banks in return on assets found significant at 1percent. Whereas, in sum of squares between the groups is 9.93 and within the groups is 6.65 and the f-value is 14.94. This indicates that there is significant difference between and within the groups of public and private sector banks in return on assets.

From t-test it has been found that average performance of return on assets of private sector banks (1.54) found significant higher than the public sector banks (0.94) and the respective standard deviations are 0.30 and 0.26. With this distribution of data is calculated t-value is 10.74 found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of return on assets where private sector banks mean value is higher than public sector banks mean value.

From the ranking pattern yes Bank is on top position followed by followed by HDFC where as Bank of India (BOI) and State Bank of India (SBI) is in bottom position. Public sector banks are needed to improve their profitability as top positions are occupied by private sector Banks.

**Return on Net worth (RONW):** It indicates the bank's ability to generate income on the investment of shareholders funds. Return on net worth is directly proportional to bank's profitability. On the basis of growth rate Yes Bank (82.78 percent), while Canara Bank (-104.17 percent), Punjab National Bank (-103.52 percent) and Bank of India (-91.59 percent) are indicating highest negative growth rate in RNW among all banks. In the distribution the ranks pertaining to RNW of the banks based on the growth rate shows first three ranks possessed by private sector banks i.e. Yes, Kotak and ICICI followed by Bank of Baroda and HDFC with 4<sup>th</sup> & 5<sup>th</sup> ranks.

From ANOVAs test it has been found that within groups of different public and private sector banks in return on net worth found significant at 1percent. Whereas in sum of squares between the groups is 566.88 and within the groups is 1419.40 and the f-value is 3.99. This indicates that there is significant difference between and within the groups of public and private sector banks in return on net worth.

From t-test it can be found that the distribution of data is calculated t-value is 0.09, not found significant because the p-value is 0.93. This infers that there is no significant difference between public and private sector banks in performance of return on assets as top three positions are occupied by private sector banks and the next consecutive places are occupied by public sector banks.

From the ranking pattern based on average values Axis bank is on top position followed by Yes Bank where as Kotak Mahindra Bank and ICICI is on bottom position, except top and bottom positions in between positions are occupied by public sector banks. Kotak and ICICI banks are need to improve their ability to generate income on the investment of share holder's funds.

**Income to overhead ratio:**

The income-to-overhead ratio is also reflective bank's efficiency. Income to overhead ratio is operating expenses divided by total income less interest expenses. Higher ratio being indicative of more efficiently managed bank. On the basis of average of Income to overhead ratio found, HDFC Bank (1.32 percent) has occupied top position with its average value followed by ICICI bank (1.23 percent) and Axis Bank (1.17 Percent) among all public and private sector banks. HDFC bank (1.32 percent) has highest average in IOR among all banks under study.

From the growth rate it has been found that the highest growth rate of IOR found at Kotak Bank (4.02 percent), while HDFC Bank (-4.08 percent) is indicating negative growth rate in IOR among all banks. In the distribution, the ranks pertaining to IOR of the banks based on the growth rate shows first two ranks possessed by public sector banks i.e. Kotak and Axis followed by BOB and Yes banks with 3<sup>th</sup> & 4<sup>th</sup> ranks.

From the coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that only one bank in public sector, i.e. Bank of Baroda is indicate positive CV in IOR, whereas in private sector two banks are indicate positive CV in IOR. Most of the private sector banks IOR is better than the public sector banks.

From the Anova test it has been found that the level of difference between and within groups of different public and private sector banks in income to overheads ratio found significant at 1percent. Whereas in sum of squares between the groups is 0.53 and within the groups is 1.27 and the f-value is 4.15. This indicates that there is significant

difference between and within the groups of public and private sector banks in income to overheads ratio.

From the t-test it has been found that the average performance of income to overhead ratio of private sector banks found significant higher than the public sector banks. This infers that there is a significant difference between public and private sector banks in performance of income to overhead ratio where private sector banks mean value is higher than public sector banks mean value.

From the above all tests it has been concluded that Among the Earnings component Yes Bank has occupied top position which indicates that it has a ability to boost its capital and the first three positions are occupied by Private sector Banks which clearly indicates that private sector Banks are having more profitability, incase of Public sector Banks canara has occupied fourth position

### **Asset quality**

#### **Gross NPAs: .**

Gross NPA reflects the quality of the loans made by banks. SBI is in bottom position followed by ICICI bank among all public and private sector banks. From the growth rate it has been found that Punjab national bank is in worst stage where as HDFC is in good condition in terms Of gross NPA.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that only one bank in private sector, i.e. HDFC Bank is indicate negative CV in Gross NPA, (which is a positive sign) whereas in public sector all banks are indicate positive CV in Gross NPA. i.e. Most of the private sector banks Gross NPA is better than the public sector banks.

From the ANOVAs test it has been found that level of difference between and within groups of different public and private sector banks in gross NPA found significant and this indicates that there is significant difference between and within the groups of public and private sector banks in gross NPA..

From the t-test it has been found that gross NPA of private sector banks found significant than the public sector banks. Private sector banks are able to manage the risk efficiently compared to public sector banks.

From the above all tests it has been concluded that there is a significant difference between public and private sector banks. Private sector banks are able to manage the risk efficiently. From the mean values of yes bank is in top position followed by HDFC bank. Top four positions are occupied by private sector banks and the next respective positions are occupied by public sector banks so public sector banks are need to concentrate more in tackling the risk.

### **Net NPAs Ratio:**

Like gross NPAs ratio, low level of net NPAs ratio indicates quality of credit risk management and quality of assets. Net NPA shows the actual burden of the Banks. Net NPAs ratio of banks declined steadily over the period of study. the highest growth rate of Net NPA found at Punjab National Bank while HDFC Bank, Axis bank, ICICI bank are indicating negative value but it is a positive growth rate in Net NPA among all banks. In the distribution, the ranks pertaining to Net NPA of the banks based on the growth rate shows first four positions possessed by private sector banks i.e. yes, HDFC, Axis, Kotak and BOB followed by PNB, BOI with 6<sup>th</sup> & 7<sup>th</sup> position.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that three bank in private sector, i.e. HDFC, ICICI, Axis banks are indicating negative CV in Net NPA, whereas in all public sector banks are indicating positive CV in Net NPA. Most of the private sector banks Net NPA is better than the public sector banks.

From the ANOVAs test it has been found that the level of difference between and within groups of different public and private sector banks in Net NPA found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in Net NPA.

From the t-test it has been found that mean difference between public and private banks in net NPA shows that average performance of net NPA of private sector banks found significant better than the public sector banks.

### **Provision Coverage Ratio (PCR)**

Provision coverage Ratio (PCR) helps the banks to meet financial obligations. In broader sense, the higher the coverage ratio, the better the ability of the bank to meet its future obligations. It is observed that the highest growth rate of PCR found at Canara Bank, Punjab National Bank and Bank of India are indicating negative growth rate in PCR among all banks. In the distribution, the ranks pertaining to PCR of the banks based on the growth rate shows 1<sup>st</sup> rank possessed by public sector bank i.e. Canara and 2<sup>nd</sup> rank possessed by private sector bank i.e. Axis followed by SBI and HDFC with 3<sup>rd</sup> & 4<sup>th</sup> ranks.

From the co-efficient of variation it is found that two banks in public sector, i.e. Punjab National Bank and Bank of India are indicating negative CV in PCR, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Axis and Yes Banks are indicating positive CV in PCR. Most of the private sector banks PCR is better than the public sector banks.

From the ANOVAs test it has found that among the five selected public sector banks the highest average performance in provision coverage ratio among public sector banks observed by Punjab National Bank and lowest performance observed by Canara Bank . Whereas, highest average performance among private sector banks observed by the Yes bank and lowest performance observed by the Kotak Bank. The level of difference between and within groups of different public and private sector banks in provision coverage ratio found significant at 1percent. This indicates that there is a significant difference between and within the groups of public and private sector banks in provision coverage ratio.

From the t-test it has found that the average performance of provision coverage ratio of private sector banks found significant higher than the public sector banks. With this distribution of data is calculated t-value is 2.78 found 1 percent significant. This infers

that there is a significant difference between public and private sector banks in performance of provision coverage ratio where private sector banks mean value is higher than public sector banks mean value.

From the above all tests it has been concluded that yes bank is in top position followed by HDFC and Axis Bank which indicates that it has low risk. Among all banks SBI and canara bank is in bottom position which indicates it is unable to meet financial obligations.

## **Growth**

### **Loans:**

Loans are the effective rate of return on the Bank's investment in loans. Higher Loans growth indicates higher earning capacity of the bank. From the growth rate it has been found that highest growth rate of loans ratio found at State Bank of India while Bank of Baroda and Punjab National Bank are indicating negative growth rate in loans ratio among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that two banks in public sector, i.e. Bank of India and Punjab National Bank are indicating negative CV in loans, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Axis and Yes Banks are indicating positive CV in loans. Most of the private sector banks loans ratios are better than the public sector banks.

From the ANOVAs test it has been found that the level of difference between and within groups of different public and private sector banks in loans ratio found significant at 1percent. This indicates that there is a significant difference between and within the groups of public and private sector banks in loans ratio.

From the t-test it has been found that the average performance of loans ratio of public sector banks found significant higher than the private sector banks. This infers that there is a significant difference between public and private sector banks in performance of

loans ratio where public sector banks mean value is higher than private sector banks mean value.

From the above all tests it has been revealed from the average value of all banks State Bank of India occupied top position with its average value followed by Bank of Baroda and Bank of India among all public and private sector banks. Yes Bank (0.23 percent) has least average in loans ratio among all banks under study. First five top positions are occupied by public sector banks and its bottom positions are occupied by private sector banks.

### **Deposits:**

**Deposit** is the amount accepted by bank from the savers in the form of current deposits, savings Deposits and fixed deposits and interest is paid to them. From the growth rate it has been found that the highest growth rate of deposit ratio found at State bank of India while no negative growth rate is indicating hear in deposit ratio among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indictor. It shows that all banks in public and private sector banks are indicating positive CV in deposit ratio. Most of the public sector banks deposit ratio is better than the private sector banks.

From the ANOVAs test it has been found that table the level of difference between and within groups of different public and private sector banks in deposit ratio found significant at 1percent. This indicates that there is a significant difference between and within the groups of public and private sector banks in deposit ratio.

From the above all tests it has been revealed from the average value State Bank of India occupied top position with its average value followed by Bank of Baroda , Punjab National Bank and Bank of India among all public and private sector banks. As usual just like loans in deposits ratio public sector banks played a prominent role so it is in top positions where as private banks are in bottom positions.

## Liquidity Analysis

### Loans-to-deposit Ratio:

Loans-to-deposit ratio indicates the extent up to, which the bank has already used up its available resources to accommodate the credit needs of the customers. On the basis of growth rate it has been found that the highest growth rate of loan deposit found at Kotak Bank, while Canara Bank, is indicating negative growth rate in loan deposit among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that only one bank in public sector, i.e. Canara is indicating negative CV in loan deposit, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Yes and Axis Banks are indicating positive CV in loan deposit. Most of the private sector banks loan deposit is better than the public sector banks.

From the ANOVAs test it has been found that table the level of difference between and within groups of different public and private sector banks in loan deposit found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in loan deposit.

From the t-test it has been found that the distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of loan deposits where private sector banks mean value is higher than public sector banks mean value.

From the above all analysis it has been concluded that the Kotak Bank has occupied top position with its average value followed by ICICI Bank and State Bank of India among all public and private sector banks. Canara bank has least average in loan deposit among all banks under study. Kotak Mahindra bank and HDFC is full efficient in utilizing the resources where as Bank of Baroda is fully inefficient.

## **Investment-to-Deposit**

Investment deposit is a term deposit with investment risk. It is a very crucial determinant of any bank for measuring efficiency in deposit management. Because a bank take deposits from their valued customers and it has to ensure security by investing their money in profitable sector. So ability to pay profit to the depositors depends on the bank's earnings. From the growth rate it has been found that the positive growth rate of ITD found at Yes Bank and Canara bank otherwise all banks are indicating negative growth rate in ITD. Kotak bank, HDFC bank, Bank of Baroda are indicating highest negative growth rate found in ITD among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that four banks in public sector, i.e. State Bank of India, Bank of Baroda, Punjab National Bank, and Bank of India are indicating negative CV and another one is Canara Bank is indicating zero CV in ITD, whereas four banks in private sector, i.e. Kotak, HDFC, ICICI and Axis Banks are also indicating negative CV in ITD. Most of the private sector banks ITD is better than the public sector banks.

From the ANOVAs test it has been found that the level of difference between and within groups of different public and private sector banks in investment to deposit found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in investment to deposit.

From the t-test it has been found that the average performance of investment to deposit of private sector banks found significant higher than the public sector banks. With this distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of investment to deposit where private sector banks mean value is higher than public sector banks mean value.

From the overall analysis it has been found that, Kotak Bank has occupied top position with its average value followed by ICICI Bank and HDFC among all public and private

sector banks. Bank of Baroda has least average in ITD among all banks under study i.e. which is inefficient in deposit management.

## **Equity**

### **Capital Adequacy Ratio**

Capital Adequacy Ratio (capital to Risk Weighted Assets) is the most widely employed measure of soundness of banks. From the growth rate it has been found that the highest growth rate of capital adequacy found at ICICI Bank , while Canara Bank , Bank of India are indicating negative growth rate in capital adequacy among all banks which indicates bank' inability in the adverse developments.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that two banks in public sector, i.e. Bank of India, Canara banks are indicating negative CV in capital adequacy, whereas all banks in private sector, i.e. Kotak, HDFC, ICICI, Yes and Axis Banks are indicating positive CV in capital adequacy. Most of the private sector banks capital adequacy is better than the public sector banks.

From the ANOVAs test it has been found that the level of difference between and within groups of different public and private sector banks in capital adequacy found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in capital adequacy.

From the t-test it has been found that the average performance of capital adequacy of private sector banks found significant higher than the public sector banks. With this distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of capital adequacy where private sector banks mean value is higher than public sector banks mean value.

From the above all tests it has been concluded that all the selected banks are in a position to maintain minimum capital but with the average value of Kotak Bank has occupied

top position with its average value followed by ICICI Bank and Yes Bank among all public and private sector banks. Canara Bank has least average in capital adequacy among all banks under study. This bank is taking high risk as their capital adequacy found lowest.

## **Strategy**

### **Interest Income/Interest Cost**

Higher Interest Income/Interest cost ratio signifies that interest income has grown more than proportionate to increase in interest cost. From the growth rate it is further observed that the positive growth rate of IC found at ICICI Bank, Axis Bank whereas HDFC Bank, Kotak Bank, Punjab National Bank are indicating highest negative growth rate in IC among all banks.

The coefficient of variation revealed hardly the variation exists with respect to the above mentioned indicator. It shows that all banks in public sector, i.e. Bank of India, Canara, SBI, PNB, BOB banks are indicating negative CV in IC, whereas two banks in private sector, i.e. ICICI, and Axis Banks are indicating positive CV in IC. Most of the private sector banks IC is better than the public sector banks.

From the ANOVAs test it has been found that the level of difference between and within groups of different public and private sector banks in interest income/interest cost found significant at 1 percent. This indicates that there is significant difference between and within the groups of public and private sector banks in interest income/interest cost.

From the t-test it has been found that the mean difference between public and private banks in interest income/interest cost. It shows that the average performance of interest income/interest cost of private sector banks found significant higher than the public sector banks. With this distribution of data is calculated t-value found 1 percent significant. This infers that there is a significant difference between public and private sector banks in performance of interest income/interest cost where private sector banks mean value is higher than public sector banks mean value.

From the above all tests in the respective ratio it has been concluded that HDFC Bank has occupied top position with its average value followed by Kotak Bank and Punjab National Bank among all public and private sector banks. Canara Bank has least average in IC among all banks under study.

### **Non Interest Income/ Non Interest cost**

Non interest income on non interest cost as a ratio signifies management's ability to earn the non-interest income with matching cost. This ratio ideally should be higher than 1, which signifies that bank has been able to garner more noninterest income at a controlled cost of earning that income. From the growth rate it has been found that the highest growth rate of NIC found at Axis Bank, while Yes Bank and State bank of India are indicating negative growth rate in NIC among all banks.

The coefficient of variation revealed hardly the variation is exists with respect to the above mentioned indicator. It shows that one bank in public sector, i.e. State Bank of India, is indicating negative CV in NIC, whereas one bank in private sector, i.e. Yes Banks is indicating negative CV in NIC. Most of the private sector banks NIC is better than the public sector banks.

From the t-test it has been found that the level of difference between and within groups of different public and private sector banks in non-interest income/non-interest found significant at 1percent. This indicates that there is significant difference between and within the groups of public and private sector banks in non-interest income/non-interest.

From the t-test it has been found that average performance of non-interest income/interest cost of private sector banks found significant higher than the public sector bank. With this distribution of data is calculated t-value is found 1 percent significant. This infers that there is a **significant** difference between public and private sector banks in performance of non-interest income/interest cost where private sector banks mean value is higher than public sector banks mean value.

From the overall above analysis it has been concluded that Yes Bank (0.96 percent) has occupied top position with its average value followed by ICICI Bank (0.89 percent) and

Axis Bank (0.84Percent) among all public and private sector banks. Yes Bank (0.96percent) has least average NIC among all banks under study

From the both parameters i.e. in strategy component Axis Bank is in top position and next position is followed by SBI, next positions are followed by respective Private sector Banks. Canara Bank is in Bottom position. Among the Private sector Kotak bank is in 6<sup>th</sup> position which is the bottom place.

Based on the EAGLES Parameters HDFC Bank is in a top position and canara bank is in bottom position among all banks. In case of Public sector Banks Punjab national Bank is in top position and canara bank is in bottom position where as in case of Private sector banks HDFC is in top position and Kotak Mahindra Bank is in bottom position. At last, it has been concluded that Private sector Banks are performing better than Public sector Banks as top positions are followed by Private sector banks.

## **7.3 Suggestions**

### **7.3.1 Specific suggestions**

- Capital is vital aspect of any Banking Institution. Risk Adequacy of Capital desires to be targeted and aptly managed. Right here, Public sector Banks discovered to be lagging behind their counter parts so it is cautioned that they should give concern to their capital Management.
- In aspect of Government securities to Investment ratio has reduced slightly and has not proven noticeable change in the study. To enhance safety defend to the investor Banks they should not under estimate the importance of government securities.
- In case of net NPA public sector Banks has reached to horroundous level and they should not delay in framing out effective policies and remedies to catch up with the expectations to their depositors. SBI, Canara, ICICI and Kotak Mahindra bank are having more risk so it need to concentrate more to over come NPA.
- In respect of credit deposit ratio made an enormous differences in both Public and Private sector Banks evidenced that their metal in converting their deposits in

Profitable advances, public banks have fallen way at the back of them. Deposits of Public sector Banks are higher than Private sector Banks so it is better to go for conversion ratio.

- In case of Management Quality in terms of Business Per Employee seems better in Private sector Banks. Under staffed circumstances may prompt poor administration to clients and eventually low quality and notoriety of Banks. It is exceedingly proposed to Public sector Banks to keep satisfactory Business per Employee ratio.
- It is noteworthy that Liquid assets ratio of both the types of Banks has reduced over the period of study it is suggested to look have a look at it. It has fallen 30% down in Public sector Banks and 45% down in Private sector Banks. Maintaining Liquidity is crucial for Banks and therefore it is suggested to Present due difficulty to lowering liquidity ratio of both sorts of banks
- Liquid asset to total deposit aren't displaying a essential alarming signs. But, one issue is common that both sector banks has given lesser impetus to liquidity over the length of take a look at which is recommended to enhance on.
- In terms of investment-to-deposit public sector banks are having more investment risk so these bank has to earn higher interest rates than normal times deposits
- None of the banks in non-interest income to non-interest cost ratio is less than 1 so Both public and private sector banks has to concentrate on it so that its management ability can be improved.
- Canara bank and yes bank are in bottom position so it has to control its cost of deposits, grow its loan book faster to garn higher interest income.
- Every bank should develop its own "risk management system" based on CAMELS and EAGLES parameters. Risk management should also address various relating to vulnerability in banks such as level of NPAs, exposure to sensitive sectors, ciontingent liabilities, CRAR.

### 7.3.2 General Suggestions

- Every bank should put in place proper credit risk management policies/ process/ Procedures/Prudential Limits. Banks should look at the cash flows of the borrowers, Instead on their assets size.
- While sanctioning loans and advances fundamental business risks should be considered, instead of relying on just security based lending.
- A clear cut loan policy should be designed. Before sanctioning any loan every application should be scanned properly and loan should be sanctioned on the basis of credit appraisal/ Appraisal memorandum prepared by specialized credit risk department.
- Every bank should also have dedicated early warning system (EWS) or risk management department. The task of the department should be to provide early warning signal regarding credit risk, default risk etc. EWS department should be in place and equipped with a sound review process for existing loan account aswell as potential customers.
- Banks should follow both horiozontal and vertical diversification in disbursement of loans and advances
- Banks have to find out innovative ways for optimum utilization of resources as resources mobilization in the form of deposits are not free of cost and are sterile in nature if not utilized to optimum size.
- Imprudent pricing of assets and liabilities without reckoning cost yield relationship also leads to lower ROA. The banks should design appropriate scientific pricing policy. Restructuring of assets and liabilities can also be helpful in boosting ROA.
- Banks should launch special drive to reduce stock of NPAs and contain generation of fresh NPAs so that Provisioning level remains with in reasonable range. Blockage of funds in the form of NPAs and its provisioning have opportunity cost as the funds would have been utilized future in generating profits.

- Fund managers must consider the mix, rates and volume of their assets and liabilities by paying careful attention to the costs and risks involved so that the bank's spread between earnings on assets and costs of supporting liabilities provides a healthy Profitability margin.

#### **7.4 Scope for Further Research**

Based on the time factor in the present study it has covered only 5 public and 5 Private sector Banks and 10 years only taken. So, it can be prolonged or expanded beyond that also”

This study was limited only to the study of evaluating financial performance select Public and Private sector banks in India (with reference to EAGLES Model). But further research can be made on:

- A comparative study of Financial Performance Evaluation of Public sector Banks, Private sector banks and Foreign Banks in India with reference to "CAMELS" & "EAGLES" Model.
- A comparative study of Performance evaluation of Public, Private and Foreign banks in India.
- A comparative study of Branch Productivity and Employee Productivity of selected Public sector and Private sector banks in India.

#### **7.5 Conclusion:**

In this thesis the ranking has been done for the selected five public and five private sector banks in aspect of "CAMELS" and "EAGLES" model. Ranking the commercial Banks is a difficult task to that any type of ranking is subject to criticism because the ratios used for the motive of rating can be interpreted inside the way one likes. This approach of analysis affords a simplistic, reader pleasant model of providing complicated data concerning performance of participants in the Banking Industry. The ranking technique makes judging easily and even a common man can able to analyse the performance easily. With this data set it has a made a conclusion that Private sector banks are in the top position in aspect of soundness i.e. (Earnings, Asset Quality, Liquidity, Equity and

strategy ) being the best. Public sector Banks have taken a back step and low financial soundness in contrast. It means that government need to keep attention more on public sector Banks in order to improve their efficiency in terms of return on assets, return on net worth, Income to overhead etc.

As in both the models Private sector Banks are Performing efficiently but in order to judge the performance of Banks CAMELS Model is able to judge efficiently compared to EAGLES Model. Though in EAGLES Model there is a strategy component which is able to judge the Interest Income and the remaining all components are repeated in CAMELS Model. so, our Indian Banking the model (CAMELS) which is using is good compared to EAGLES Model which is used in foreign Countries.

As the confluence of EAGLES parameters, Private sector Banks are heading towards convergence in the longer run. Mostly all the Banks are in a similar ranking. However, those banks range a superb deal and that they cannot be judged completely primarily based on the absolute values of the EAGLES ratios. Based on over all analysis , we can conclude that Private sector banks are developing at a faster tempo than public sector Banks and could head towards convergence quicker than public sector Banks.

As per the latest news Kotak Mahindra Bank has merged with ING Vysya Bank itself which indicates the growth that, prevails in the Banking sector specially in the private sector Banking. Based on the time and situation to stay aggressive public sector banks need a few larger merger and consolidation.

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