CHAPTER-VI

SUGGESTIONS AND CONCLUSION

SUGGESTIONS:

The study of the "Financial Performance of Indian Banks in post liberalization Era : A study of public and private sector Banks" suggest the following through CAMEL model:

The Indian banks are one of capital sound bank of the world. In post liberalisation a number of Private Banks are operating hence there is need to have special check on the soundness of private bank for that need to increase at least one percent higher CAR of private Sector Bank than public sector bank. The debt equity ratio should be reduced by SBI to the level of ICICI bank. SBI needs to effectively utilize their assets into advances. The ICICI bank is needed to increase their investment in G-Security, for reducing their uncertainly on income and safety of their investment.

The NPAs of Indian Banks are high. In case of Public Sector Banks, the NPAs are higher than Private Sector Banks. There is a need for the RBI to fix special norm like CAR, to reduce the NPAs. The Private Sector Banks need to improve their total investment against the total assets.
The technology had affected all sectors around the world. The role of technology in Banks had not only improved the efficiency but also reduced the cost. The public sector Banks are very slow in adopting the technology and cost reduction. There is a need for Public Sector Banks to increase the profit per employee, Business per employee and converting their deposits into advances by adopting latest technology viz. information technology, e-commerce etc.

The Earning Quality of Public Sector Bank as well as private sector Banks are poor. In case of public sector banks income, from interest is better but their income from operating profit and non interest income (i.e. fee, commission etc.) is very low. There is a need to improve the Earning Quality in Public Bank in order to improve their overall profitability. There is a need to work in this area in order to improve the profitability.

The higher liquidity indicates the low profitability but low liquidity may cause of loss of credit. The public sector banks (retain) possess excess liquid against the deposit. The public sector Banks need to utilise their liquidity in such a manner which will enable them to garner higher profit. With regard to
private sector banks low assets in form of liquidity which may create problem in payment, hence there is a need to increase the liquid asset.

Other conclusion regarding better financial performance of the Indian banks are:

The Banking sector reforms in India has opened up new avenues for the banks; operating in public, private and foreign collaboration. Due to the changing economic environment in the country the banking scenario is also changing. In order to improve the efficiency, profitability, asset quality management of SBI and ICICI bank the following measures should be adopted.

The banks should reduce their NPA by adopting various measures within the constraints of regular guidelines. The banks should declare the thrust area for loans and advances. A bank may choose consumer loans or corporate loan.

The Banks should have more earning assets if they have minimum investment in fixed asset and low NPA's. Recovery, from NPA is a path for unnecessary earning assets.

The bank should have strong treasury functionaries, so that funds are not kept ideal during period of low credit.
Besides investment of funds, will bring income through churning of assets and capital gain.

The values should make the best use of their branch network to raise lowest deposits on attract funds of the banks. In case of market borrowing are necessary for profit of Banks. Management of market will be essential apart from appropriate structure of the instrument for raising funds.

The banks should price their seen as in a remarkable manner and should plug all leakage of income apart from service charges income from letter of credit; guarantee should be lapped within prudential limits.

The measures which the banks can undertake to raise its capital base and improve its capital adequacy ratio by:

1. Augmenting capital through equity and /or Debt route.
3. Retaining earning on profits.
4. Improving Asset quality.
CONCLUSION:

On the basis of SBI and ICICI Bank financial performance through the CAMEL Model the various ratio relating to capital, Assets, liabilities, management efficiency, and earning capacity. It can be concluded that both banks have shown remarkable progress in post liberalization era with respect to Banks deposits advances, profits but still one of the aspect of ICICI Bank has lodged the performance is the ability to raise their funds at lower cost even though the interest income are increased.

The overall finding in post liberalization era with respect to the Indian banking sector with regard to the efficiency it has shown remarkable growth with more deregulation in the banking sector. The commercial banks would need to devise the imaginative ways to increase the income in order to garner more profits. The reporting accounting standards, an improvement of accounting standards and disclosed practices would enhance for transparency in financial market.