

Comparative Study of Public and Private Sector Bank (With special reference to SBI, BOB, HDFC and ICICI Bank)

Mr. Vivek¹ & Ms. Sneha Halwai²

¹Assistant Professor Commerce, Government Degree College, Madhogarh, Konch, Jalaun, Uttar Pradesh

²M. Com. IV Semester, Faculty of Commerce, Kashi Naresh Government P. G. College, Gyanpur, Bhadohi

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Abstract

Banks are the financial institutions that handle money and provide various financial services to businesses and individuals. HDFC Bank Ltd is India's largest private sector bank by assets and market capitalisation. Bank of Baroda (BOB) is recognized as India's second-largest public sector bank (PSB) after the State Bank of India (SBI) in terms of total business, deposits, and advances. The State Bank of India, abbreviated as SBI is largest banks of public sector in India. ICICI Bank is second largest private sector bank in India. The purpose of this study is to examine the financial performance of SBI and BOB (public sector), HDFC and ICICI Bank (private sector). The research study is analytical and descriptive in nature. The data used for the study is secondary and collected from the respective bank's website. This study is conducted to compare the financial performance of SBI, BOB, HDFC and ICICI Bank on the basis of various ratios such as credit deposit ratio, net profit margin etc. for the period of five years from 2020-21 to 2024-25. The present study found that SBI is performing well and financially sound than other banks but in context of deposits and expenditure ICICI bank has better managing efficiency than other banks. CAGR of credit deposit ratio of SBI is best followed by BOB and HDFC bank. Mean of interest income to total income is highest of BOB which shows BOB earns its income mostly from deposits. Mean of other income to total income is highest of ICICI bank which shows ICICI bank earns its income from non-core sources, its is not good sign. In selected 10 criteria SBI and BOB is better in growth perspective in few criteria and in other criteria ICICI and HDFC bank is ahead in consistent performance perspective.

Keywords: SBI, BOB, HDFC Bank, ICICI Bank, Credit-Deposit Ratio, ROA, net profit margin, Advances.

Introduction

Banks are essential for the functioning of the modern economy, providing crucial services that support both individual and business activities in India. There are various types of banks including public, private, foreign and cooperative banks. Public sector banks and private sector banks both play crucial roles in the economy. Public sector banks are largely owned by the government, prioritize financial inclusion and social welfare, while private sector banks often lead in innovation, technology adoption and customer service, targeting more affluent clientele.

The Reserve Bank of India (RBI) has identified the three banks as Domestic Systemically Important Bank (D-SIBs), respectively HDFC Bank, State Bank of India and ICICI Bank which are often referred to as banks that are "too big to fail". Bank of Baroda is one of the oldest and second largest public sector bank in India after state Bank of India,

HDFC profile:

The Housing Development Finance Corporation Limited or HDFC Ltd was among the first financial institutions in India to receive an "in principle" approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. This was done as part of RBI's policy for liberalisation of the Indian banking

industry in 1994. HDFC Bank was incorporated in August 1994 in the name of HDFC Bank Limited, its registered office in Mumbai, India. The bank commenced operations as a Scheduled Commercial Bank in January 1995. As of December 31, 2024, HDFC Bank had 9,143 branches and 21,049 ATMs across 4,101 cities/towns in India.

HDFC Bank, originally a subsidiary of HDFC Ltd, was established in 1994 and began operations as a scheduled commercial bank in January 1995. It was one of the first private sector banks in India, formed as part of the liberalization of the Indian banking industry. The bank has grown significantly through organic expansion and strategic mergers, including with Times Bank in 2000 and Centurion Bank of Punjab in 2008. HDFC Bank is known for its strong focus on technology and digital banking, and it has expanded its reach to both retail and corporate customers across India.

SBI (State Bank of India) profile:

SBI, largest public sector bank in India, its Headquarter is in Mumbai. The Bank of Calcutta, established in 1806, is considered the precursor to SBI. In 1840 and 1843, the Bank of Bombay and the Bank of Madras were established, respectively. In 1921, the three presidency banks (Bengal, Bombay, and Madras) merged to form the Imperial Bank of India, a major all-India bank. In 1955, the Imperial Bank of India was nationalized and renamed the State Bank of India. In 1959, the State Bank of India (Subsidiary Banks) Act was passed, leading to the formation of several associate banks.

As of now, SBI has over 22,500 branches and 65,000+ ATMs across India. This includes both domestic branches and ATMs.

ICICI Bank profile:

ICICI (Industrial Credit and Investment corporation) Bank offers a wide range of products and services to individuals, including deposits, loans, and digital banking solutions. It also serves small and medium-sized enterprises and rural customers through various channels. The bank provides financial solutions to large and medium-sized companies, including long-term finance, working capital, and transaction banking.

ICICI Bank was initially promoted in 1994 by ICICI Limited, an Indian financial institution.

ICICI Limited was established in 1955 by world bank to provide medium and long-term project financing to Indian businesses. ICICI transformed into a diversified financial services provider in the 1990s, leading to the formation of ICICI Bank. In 2002, the parent company, ICICI, merged with its subsidiary, ICICI Bank. ICICI Bank is now a publicly traded company and one of India's largest private sector banks.

As of March 31, 2023, ICICI Bank had a network of 5,900 branches and 16,650 ATMs and Cash Recycler Machines.

BOB (Bank of Baroda):

It's one of the oldest and largest public sector banks in India after state Bank of India, offering a wide range of banking and financial products and services to its customers. headquartered in Vadodara, Gujarat. Bank of Baroda was first established in 1908 in the state of Gujarat. Bank of Baroda is a nationalised bank that falls under the governance of the Government of India and the Reserve Bank of India. BOB is the result of the amalgamation of Vijaya Bank and Dena Bank.

As of present, Bank of Baroda has over 8,200 branches and 10,000+ ATMs in India.

BOB is Founded in 1908 by Maharaja Sayajirao Gaekwad III in the princely state of Baroda. It was nationalized in 1969. Started with a single branch in Baroda and expanded both domestically and

internationally. Bank of Baroda is an Indian state-owned international banking and financial services company.

REVIEW OF LITERATURE:

1. **Garg and Sharma (2014):** said that there are number of companies and banks offer cheap loans at a low interest rate. Loan is offered to a borrower to purchase or build a new house on the basis of customers' eligibility and the bank's lending rules. They concluded that this particular section will keep the housing loan demand high and increased lending rates can only shelve their plans for some time.
2. **Parmar (2014):** said that with the introduction of international norms for income recognition, asset classification and provisioning in the banking sector, managing NPAs has emerged as one of the major challenges facing Indian banks. In this paper, he studied the trend of Total advances, Net profit, Gross NPA, Net NPA of SBI and ICICI Bank. He concluded that during last three years total advances and net profit has shown growing trend in both the banks but compare to SBI, NPA in ICICI bank has shown downward trend.
3. **Haque (2014):** evaluated the concurrent performance of chosen few major Indian banks during 2009-2013 following the global financial slump of 2008. In order to judge their performance, the present study compares the financial position of various indigenous and foreign Scheduled Commercial Banks (SCBs). The result indicated that there is no significant means in difference of profitability among various banking groups in respect to ROA and NIM, yet a significant means of difference is seen among the peer groups in terms of ROE.
4. **Khan (2015):** investigated the influence of human resource policies on the performance of employees in banking sector in India. A sample of 100 employees from State Bank of India was purposively selected for the study. Data have been collected through questionnaires designed on a five-point Likert scale. Mean, Standard deviation and multiple regression have been used to measure the impact. The analysis of the data showed that there is significant impact of HR Policies on the performance of employees.
5. **Prabhu and Chandrasekaran (2015):** examined 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 secondary in nature. This study was 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 period of study taken is from the year 2009-10 to 2013-14. 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.
6. **Pakira (2016):** compared the growth performance of SBI and HDFC Bank in terms of affiliation and association between earnings and growth performance indicators for the period from 2005-06 to 2014-15. The main parameters of growth in banks are Reserve and Surplus growth, Advance growth, Investment growth, etc. Descriptive statistics showed that the growth performance of HDFC bank is very pleasing than SBI during the period under study and the multiple regression test results revealed that in terms of the parameters defined HDFC Bank has performed much better than SBI Bank.
7. **Paramasivan and Srividhya (2017):** said that Indian banks in general and the Public Sector Banks in particular are galloping with the huge stock of stressed assets that has piled up in the system over the years. The primary focus of this paper was to compare the asset quality belonging to public sector banks like IDBI and SBI during the period 2011-2016. They concluded that IDBI and SBI banks have the problem of sub-standard, doubtful and loss assets, SBI have higher level of loss assets.

8. **Satyanarayana, Raju and Naidu (2017):** explored the economic and political pull and push factors cause merger of SBI associate banks into SBI. The paper also attempted to evaluate prospects and consequences of Mega-merging. They concluded that the merged entity will have an asset base of about Rs. 37 lakh crores, with nearly 24,000 branches and about 58,700 ATMs across the country. The merger is seen as win-win for both SBI and its associate banks.
9. **Chaudhuri (2018):** evaluated the financial performance of SBI, India's largest public sector bank, and ICICI, India's largest private sector bank, for the last five years from 2011-12 to 2015-16 using the CAMEL approach of analyzing banks' performance. The study is based on secondary data sources and for this purpose. According to the analysis, both the banks are maintaining the required standards and running profitably, ICICI has been a better performer in terms of profitability and management efficiency as compared to SBI for the study period.
10. **Karthikeyan and Kumar (2023):** compared the performance of top two important banks in India i.e., State Bank of India (SBI) and HDFC Bank using secondary data for the previous 5 years from annual report. They concluded that HDFC Bank were presented below the No. of branches and No. of ATMs has a positive trend. R-squared value both are nearest to excellent growth. Hence, the number of branches and ATMs is high for HDFC Bank as customer services do it well.

RESERCH METHODOLOGY:

Descriptive and analytical methods are used in this study to measure, evaluate and compare the financial performance of HDFC Bank, SBI, ICICI Bank and BOB. The data used are collected from secondary sources (annual reports, published information, and official websites of respective banks). Consolidated Financial statements of banks are used for evaluation. Tools like mean, CAGR, ratio analysis, percentage methods and graph are used for comparison. The study covers the periods of five years i.e., from 2020-21 to 2024-25. Comparative table, percentage methods, ratio analysis, graphical representation are applied to analyse and compare the trends in banking business and financial performance. Mean and Compound Annual Growth Rate (CAGR) is also used to analyse the trends in banking business profitability.

OBJECTIVE OF THE STUDY:

- To study the financial performance of HDFC Bank, SBI, ICICI Bank and BOB.
- To compare the financial performance of HDFC Bank, SBI, ICICI Bank and BOB.

SCOPE OF THE STUDY:

The study mainly focuses on analysis evaluating and comparing the financial performance of public sector banks (SBI and BOB) and private sector banks (HDFC and ICICI) over a period of 5 years from 2020-21 to 2024-25. The scope is limited to these four banks to understand differences in performance, management and strategic operations between public and private sector banks in India.

LIMITATIONS OF THE STUDY:

1. This research is done using the data from the annual report of bank HDFC Bank, SBI, ICICI Bank and BOB.
2. The research is based on the published financial data thus any error or adjustment in such report can also affect the accuracy of this research report.
3. In this study, financial analysis focuses only on profitability, growth and financial strength of these four banks.
4. The study is limited to comparing just four banks (HDFC bank, SBI, ICICI bank and BOB).

THE FOLLOWING PARAMETERS HAVE BEEN STUDIED:

Credit Deposit Ratio	Percentage Change in Total Expenditure
Interest Expenses to Total Expenses	Net Profit Margin
Interest Income to Total Income	Percentage Change in Deposits
Other Income to Total Income	Percentage Change in Advances
Growth in Total Income	Return On Assets

1. Credit Deposit Ratio: -

Credit Deposit Ratio shows a bank's liquidity & ability to fund loans. A higher credit deposit ratio indicate that a bank has made a large amount of loans relative to its deposit, which could mean it has difficulty meeting its obligations. The credit deposit ratio is a key matric that measures how much of a bank's deposit are used to issue loan. The credit deposit ratio can be compared over time or with other banks to understand how they are using their funds.

Formula: (Total loan or advances/Total deposits) x100

TABLE 1.1-CREDIT DEPOSIT RATIO

(IN PERCENTAGE)

YEAR	HDFC	SBI	ICICI	BOB
2020-21	88.87	67.30	82.48	72.62
2021-22	91.20	68.35	84.32	74.11
2022-23	88.27	73.13	89.47	78.04
2023-24	107.95	78.14	87.33	80.55
2024-25	100.51	77.35	86.53	82.66
MEAN	95.36	72.85	86.02	77.59
CAGR	3.12	3.54	1.20	3.29

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC Bank has the highest mean ratio over the five years periods (95.36%)' which indicates strong lending efficiency and Compound Annual Growth Rate (CAGR) 3.12% which shows well-ordered growth.

SBI has medium mean over the five years periods (72.85%) and Compound Annual Growth Rate (CAGR) 3.54% which shows slowly improvement in credit utilisation.

ICICI Bank has high mean over the five years periods (86.02%) after HDFC Bank and lower Compound Annual Growth Rate (CAGR) 1.20% than other three banks (HDFC, SBI, BOB), which indicates slow growth in lending.

BOB has a medium mean over the five years period (77.59%) and Compound Annual Growth Rate (CAGR) 3.29%, which shows continuous improvement.

Conclusion: ICICI bank remains chronic, while BOB and SBI show slowly improvement. HDFC has most aggressive lending strategy.

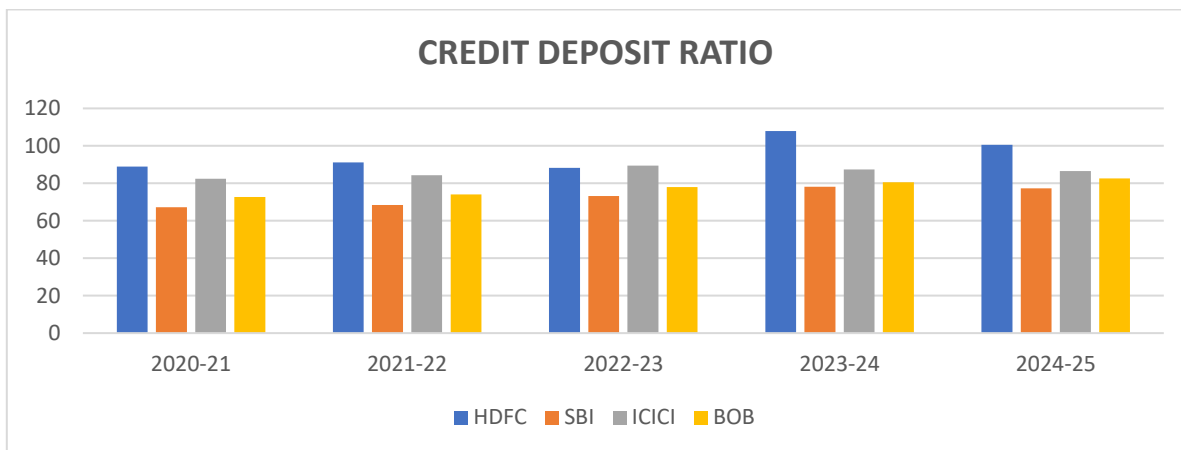


FIGURE NO. 1.1: - CREDIT DEPOSIT RATIO

2. Interest Expenses to Total Expenses: -

Interest expense is a non-operating expense shown on the income statement. More precisely, interest expense represents interest payable on any borrowings- bonds, loans, convertible debt, or lines of credit. It is essentially calculated as the interest rate times the outstanding principal amount of the debt.

Formula: (Interest Expenses/Total Expenses) x100

TABLE 1.2- INTEREST EXPENSES TO TOTAL EXPENSES

(IN PERCENTAGE)

YEAR	HDFC	SBI	ICICI	BOB
2020-21	48.69	43.20	30.26	49.34
2021-22	46.33	42.14	31.24	48.47
2022-23	50.26	45.57	33.31	51.97
2023-24	45.97	49.33	38.79	56.65
2024-25	46.26	51.50	37.06	59.10
MEAN	47.50	46.45	34.13	53.11
CAGR	-1.29	4.49	5.19	4.62

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC shows better control over interest expenses because its mean over the five years period is 47.50 % and negative Compound Annual Growth Rate (CAGR) -1.29%.

SBI shows increase in interest cost as its mean over the five years period is 46.45% and Compound Annual Growth Rate (CAGR) is 4.49%.

ICICI Bank has lowest mean over the five years period is 34.13% but highest Compound Annual Growth Rate (CAGR) 5.19% which shows growing interest expenses.

BOB has the highest mean over the five years period is (53.11%) and Compound Annual Growth Rate (CAGR) is 4.62% regarding interest cost implies that interest expenses are the dominant component of its total operating expenditure.

Conclusion: HDFC is reducing its cost, ICICI is well managing its operating expenses, BOB has more adverse impact of interest.

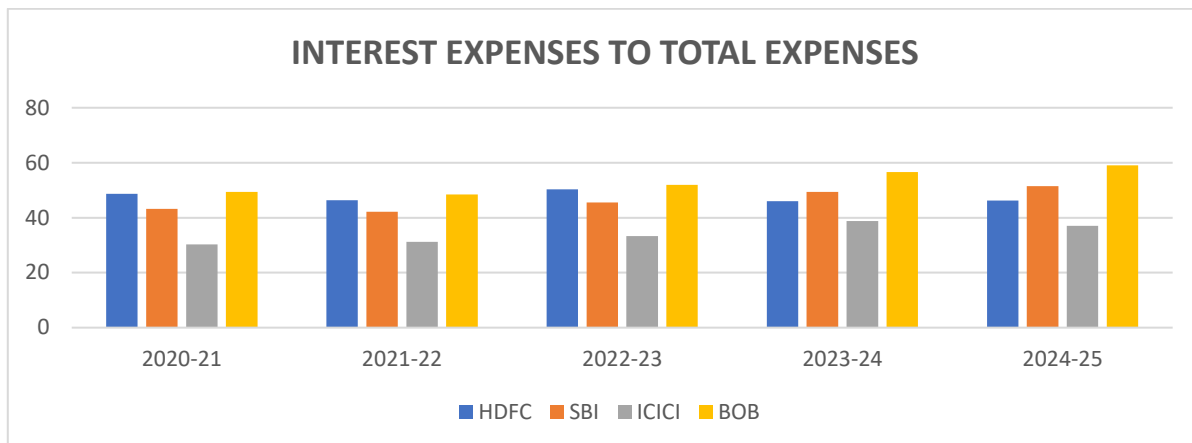


FIGURE NO. 1.2: INTEREST EXPENSES TO TOTAL EXPENSES

3. Interest Income to Total Income: -

Interest income is earned by a creditor, investor, or lender as compensation for providing financing to a borrower or issuer and assuming the credit risk that he or she may not be repaid. Financing can take many forms, including loans, bonds, notes receivable, and depository accounts. A higher ratio can provide insights into a company's efficiently management its assets and generating income from interest bearing investments.

Formula: - $(\text{Interest income} / \text{Total income}) \times 100$

TABLE 1.3: INTEREST INCOME TO TOTAL INCOME

(IN PERCENTAGE)

YEAR	HDFC	SBI	ICICI	BOB
2020-21	82.74	72.17	55.26	83.49
2021-22	81.23	71.15	60.56	83.60
2022-23	83.80	74.11	65.02	84.97
2023-24	70.22	73.86	67.58	83.49
2024-25	71.42	70.00	62.25	83.68
MEAN	77.88	72.26	62.13	83.85
CAGR	-3.61	-0.76	3.02	0.06

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC's mean over the five years period is 77.88 % which reflects high dependence on interest income, and negative Compound Annual Growth Rate (CAGR) which is -3. 61% shows differentiation.

The mean of **SBI** over the five years is 72.88% and Compound Annual Growth Rate (CAGR) over the period is negative (-0.76%) which shows stable growth in interest income to total income.

The mean of **ICICI** over the five years period is 62.3% and Compound Annual Growth Rate (CAGR) is 3.02% shows more dependence on interest income.

BOB has the highest mean over the five-year period in compared to other three banks (83.85%) and stable Compound Annual Growth Rate (CAGR) is 0.06%.

Conclusion: SBI shows strong consistence performance. BOB and HDFC depend on interest income and ICICI bank is consistently trending upwards.

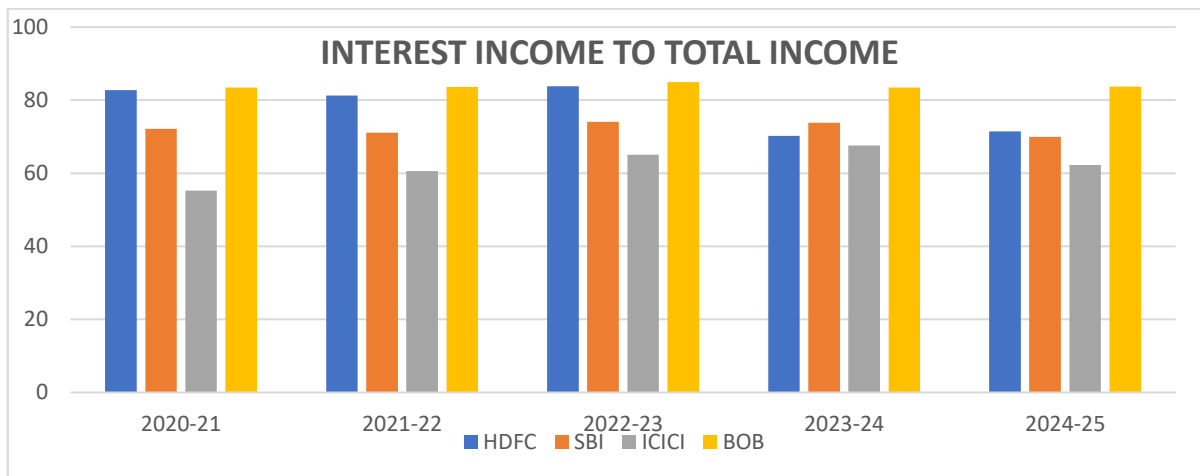


FIGURE 1.3: INTEREST INCOME TO TOTAL INCOME

4. Other Income to Total Income: -

Banks' other income includes fees earned from providing various services to customers, and commission earned from the lender's non-fund-based banking activities.

Formula: - (Other Income/Total Income) x100

Table 1.4- OTHER INCOME TO TOTAL INCOME

(PERCENTAGE)

YEAR	HDFC	SBI	ICICI	BOB
2020-21	17.25	27.82	44.73	16.50
2021-22	18.76	28.74	39.43	16.39
2022-23	16.19	25.88	34.97	15.02
2023-24	30.46	26.13	32.41	16.50
2025-26	28.57	25.99	36.74	16.31
MEAN	22.25	26.91	37.66	16.14
CAGR	13.44	-1.68	-4.80	-0.28

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC: The percentage vary, starting at 17.25% in 2020-21, reducing of 16.19% in 2022-23 and rising to 30.46% in 2023-24. The mean of other income to total income over five years (2020-21 to 2025-26) is 22.25%. The Compound Annual Growth Rate (CAGR) is 13.44% reflecting an incrementally growing in other income to total income.

SBI: there is slow variation in percentage of SBI it is 27.82%in 2020-21, then increases in 2021-22 (28.74%), then 26.13% in 2023-24, and 25.99% in 2025-26. The mean of SBI over five years are 26.91%. The CAGR is in negative (-1.68), reflecting an incrementally decline in other income to total income over the period.

ICICI: The other income to total income was higher in starting year at 44.73% in 2020-21, but it declines to 32.41 in 2023-24. The mean of ICICI is 37.66 which is higher than other three banks (HDFC, SBI & BOB).

The Compound Annual Growth Rate (CAGR) is negative (-4.80%) reflecting an incrementally decline in other income to total income over the period.

BOB: There is not much variation in the percentage of other income to total income over the period in BOB. In 2022-23 BOB has the lowest percentage 15.2% and highest percentage in 2020-21 at 16.50%. BOB has the lowest mean (16.14%) in compared to other three banks. CAGR of BOB is -0.28 which shows there is almost no growth.

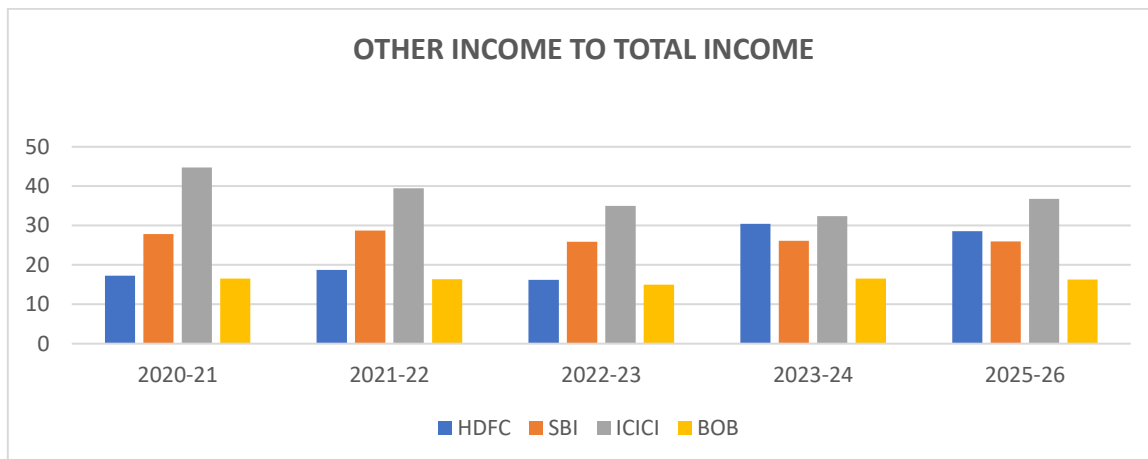


FIGURE 1.4: OTHER INCOME TO TOTAL INCOME

5. Growth in Total Income:

Growth in total income helps in measure financial performance and analysing whether the bank’s revenue is increasing or decreasing over the period. It also helps managers, investors, and analysts in making financial decisions.

Formula: $(\text{New income} - \text{old income} / \text{old income}) \times 100$

TABLE 1.5- GROWTH IN TOTAL INCOME

(In crore)

YEA R	HDFC		SBI		ICICI		BOB	
	INCOM E	%CHAN GE	INCOM E	%CHAN GE	INCOM E	%CHAN GE	INCOM E	%CHA NGE
2020- 21	155885	385337	161336	89001
2021- 22	167695	7.57	406973	5.61	157536	-2.35	87780	-1.37
2022- 23	404666	22.04	473378	16.31	186178	18.18	110777	26.19
2023- 24	407994	0.82	594574	25.60	236037	26.78	141778	27.98
2024- 25	470915	15.42	663343	11.56	294586	24.80	152884	7.83

MEAN	321431		504721		707135		123305	
CAGR	31.83%		14.54%		16.24%		14.48%	

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC Bank: The total income of HDFC shows rising trends by increasing total income from 2020-21 Rs. 155885 to 2024-25 Rs. 470915. Percentage change in HDFC was larger in 2022-23 (22.04%) and lower in 2023-24 (0.82%). The mean of total income over five years period is 321431. The mean of HDFC in total income is smaller in compared to SBI and ICICI and larger in compared to BOB. The compound Annual Rate in HDFC is 31.83% resulting in stronger growth.

SBI: The total income of SBI shows rising trends by increasing total income from 2020-21 Rs. 385337 to 2024-25 Rs. 663343. Percentage change in SBI was larger in 2023-24 (25.60%) and lower in 2021-22 (5.61%). The mean of total income over five years period is 504721. The mean of SBI in total income is smaller in compared to ICICI and larger in compared to HDFC & BOB. The compound Annual Rate in SBI is 14.54% resulting in smaller growth in compared to HDFC and ICICI.

ICICI Bank: The total income of ICICI shows rising trends by increasing total income from 2021-22 Rs. 157536 to 2024-25 Rs. 294586. Percentage change in ICICI was larger in 2023-24 (26.78%) and negative in 2021-22 (-2.35%). The mean of total income over five years period is 707135. The mean of ICICI in total income is larger in compared to HDFC, SBI and BOB.

The compound Annual Rate in ICICI is 16.24% resulting in stronger growth after HDFC.

BOB: The total income of BOB shows rising trends by increasing total income from 2020-21 Rs. 89001 to 2024-25 Rs. 152884. Percentage change in BOB was larger in 2023-24 (27.98%) and negative in 2021-22 (-1.37%). The mean of total income over five years period is 123305. The mean of BOB in total income is smaller in compared to HDFC, SBI and ICICI. The compound Annual Rate in BOB is 14.48% resulting in smaller growth after in compared to HDFC, SBI and ICICI.

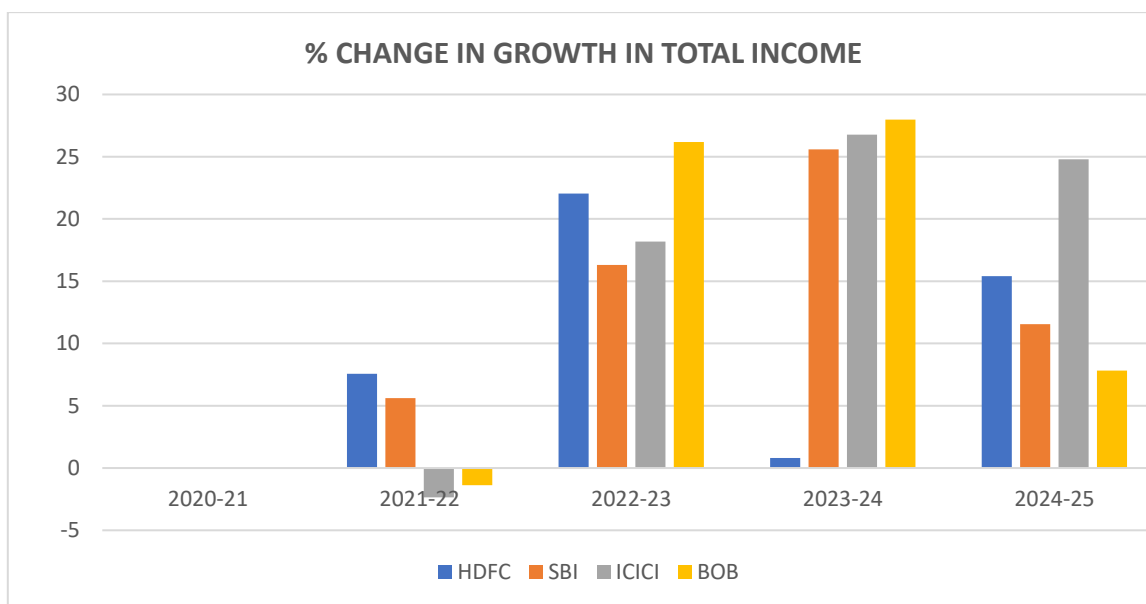


FIGURE 1.5: GROWTH IN TOTAL INCOME

6. TOTAL EXPENDITURE

The total expenditure reveals the proportionate share of total expenditure spent on the Development of staff, interest expended and other overheads It is a critical metric for evaluating a bank's efficiency, profitability and financial health. TABLE 1.6 shows Total Expenditure of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

Formula: - (New expenditure -old expenditure/old expenditure) ×100

TABLE 1.6- TOTAL EXPENDITURE

(In crores)

YEAR	HDFC		SBI		ICICI		BOB	
	EXPEN D- ITURE	% CHA NGE	EXPEN D- ITURE	% CHA NGE	EXPEN D- ITURE	% CHA NGE	EXPEN - DITUR E	% CHA NGE
2020-21	124028	...	361058	...	140972	...	87547
2021-22	129544	4.44	370616	2.64	131752	-6.54	80079	-8.53
2022-23	158517	22.36	416819	12.46	151715	15.15	96090	19.99
2023-24	342548	116.09	526436	26.29	191030	25.91	123369	28.38
2024-25	397475	16.03	584326	10.99	240168	25.72	132424	7.33
MEAN	230422		451851		171127		103901	
CAGR	33.80%		12.79%		14.24%		10.90%	

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC: HDFC reflects gradually increasing movement in total expenditure from Rs. 124028 in 2020-21 to Rs. 397475 in 2023-24 resulting in growing expenses. Percentage change in HDFC total expenditure is lowest (4.44%) in 2022-23 and highest (116.09) in 2023-24. The mean expenditure of HDFC is 230422.4 HDFC expenditure is more than ICICI & BOB expenditure and lowest in compared to expenditure of SBI. The compound annual growth rate in HDFC is higher (33.80) which shows rising cost base.

SBI: SBI also reflects gradually increasing movement in total expenditure from Rs. 361058 in 2020-21 to Rs. 584326 in 2023-24 resulting in growing expenses. Percentage change in SBI total expenditure is lowest (2.64%) in 2021-22 and highest (26.29%) in 2023-24. The mean expenditure of SBI is 451851 SBI expenditure is more than expenditure of HDFC, ICICI & BOB. The compound annual growth rate in SBI is higher (12.79%) which shows decline expenditure base.

ICICI: ICICI also shows increasing movement in total expenditure from Rs. 131752 in 2022-23 to Rs. 240168 in 2024-25. Percentage change in ICICI total expenditure is negative (-6.54%) in 2021-22 and highest (25.91%) in 2023-24. The mean expenditure of ICICI is 171127.4 ICICI expenditure is more than expenditure of BOB. The compound annual growth rate in ICICI is higher (14.24%) which shows rising cost base.

BOB: SBI also reflects gradually increasing movement in total expenditure from Rs. 80079 in 2021-22 to Rs. 132424 in 2024-25 resulting in growing expenses. Percentage change in ICICI total expenditure is negative (-8.53%) in 2021-22 and highest (28.38%) in 2023-24. The mean expenditure of BOB is 103901.8 BOB

expenditure is less than expenditure of HDFC, SBI & ICICI. The compound annual growth rate in ICICI is lower (10.90%) which shows decreasing cost base.

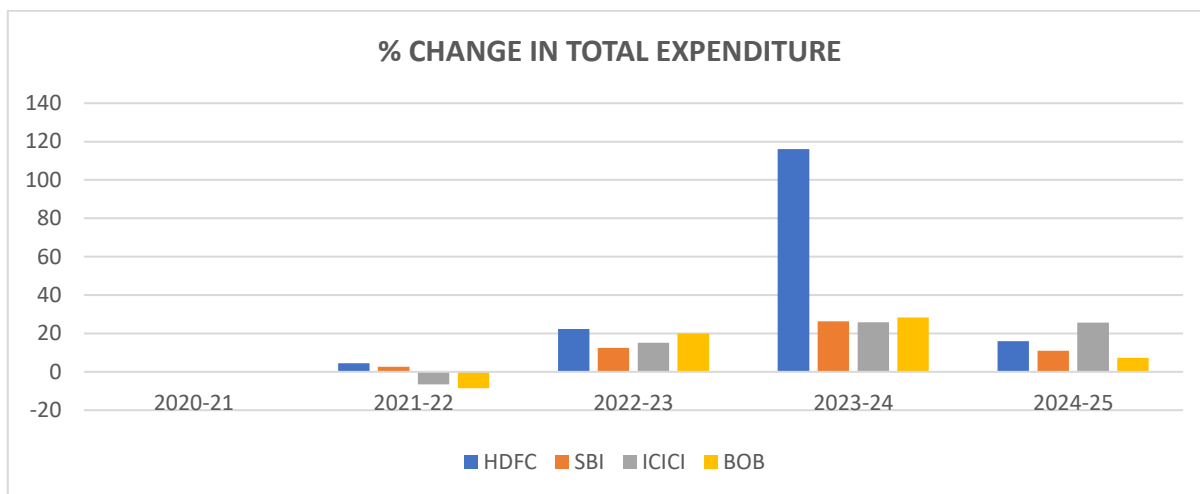


FIGURE 1.6: % CHANGE IN TOTAL EXPENDITURE

7. NET PROFIT MARGIN:

A bank's net profit margin shows what percentage of its total revenue remains as profit after all expenses, interest, and taxes are accounted for. TABLE 1.7 shows NET PROFIT MARGIN OF HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

Formula: $(\text{Net profit margin} / \text{Total revenue}) \times 100$

Table 1.7- NET PROFIT MARGIN

(IN PERCENTAGE)

YEAR	HDFC	SBI	ICICI	BOB
2020-21	20.43	6.30	12.62	1.63
2021-22	22.75	8.93	16.36	18.77
2022-23	22.54	11.94	18.51	15.60
2023-24	16.04	11.45	19.06	12.99
2024-25	15.59	11.98	18.47	13.38
MEAN	19.47	10.12	17.00	12.47
CAGR	-6.54	17.43	9.98	69.26

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC: In starting years from 2020-21 to 2022-23 net profit is gradually increases but it started decline from the year 2023-24 to 2024-25. The mean profit margin 19.47 shows profitability over time. The Compound Annual Growth rate is -6.54 reflecting negative growth in profit margin over five years.

SBI: The percentage of net profit margin of SBI is continue increasing from 2020-21 to 2024-25. The mean profit margin of SBI is 10.12 which is lower than HDFC, ICICI and BOB. The compound growth rate also reflects faster profit margin compared to HDFC and ICICI.

ICICI: The percentage of net profit margin of ICICI is also continue increasing from 2020-21 to 2024-25. The mean profit margin of SBI is 17.00% which is lower than HDFC and higher than ICICI, and BOB. The compound growth rate OF ICICI 9.98% reflects slower profit margin.

BOB: The percentage of net profit margin of BOB is lowest (1.63%) in 2020-21 and highest (18.77%) in 2021-22 after that it started decline 15.60% in 2022-23,12.99 in 2023-24 and 13.38 in 2024-25. The mean profit margin of BOB is 12 .47% which is lower than HDFC, ICICI, and higher than SBI. The compound growth rate of BOB 69.26 reflects greater profit margin.

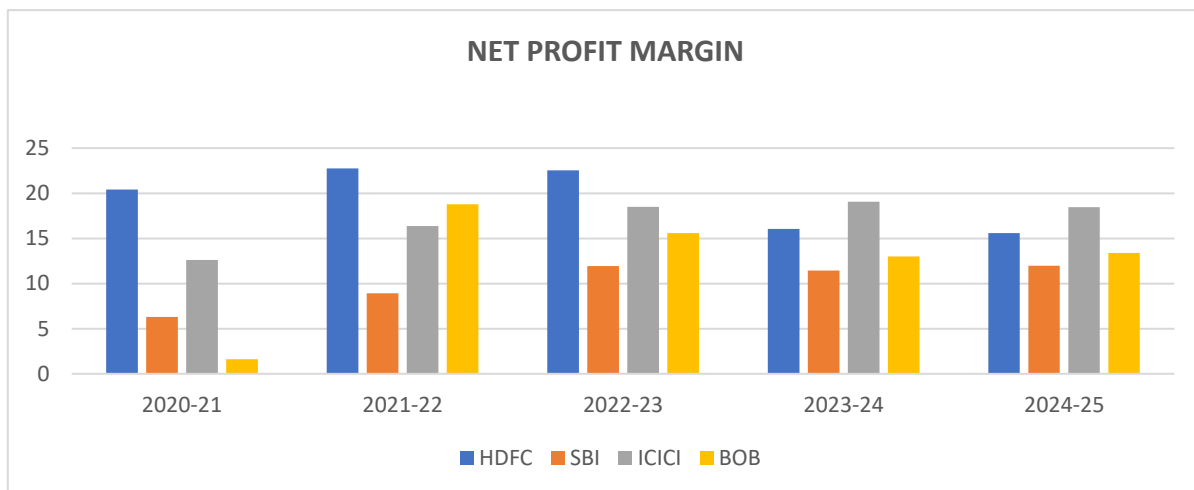


FIGURE 1.7: NET PROFIT MARGIN

8. TOTAL DEPOSIT:

Bank deposits are essentially the money that individuals and organizations put into their bank accounts. Total bank deposits refer to the sum of all funds held by a bank from its customers, encompassing various types of deposits like savings, current, and term deposits. Bank deposits form the foundation of the banking system, providing banks with the funds they need to lend to businesses and individuals, driving economic growth and development.

Formula: (New deposit -old deposit /old deposit) x100

TABLE 1.8-TOTAL DEPOSITS

(In crore)

YEAR	HDFC		SBI		ICICI		BOB	
	DEPO SITS	%CH ANGE	DEPO SITS	%CHA NGE	DEPOS ITS	%CHA NGE	DEPOS ITS	%CH ANGE
2020-21	1333720	...	3715331	...	959940	...	995909	...
2021-22	1558003	16.81	4087410	10.01	1091365	13.69	1075804	8.02
2022-23	1882663	20.83	4468535	9.32	1210832	10.94	1234682	14.76

2023-24	237688 7	26.25	496653 7	11.14	1443579	19.22	1351801	9.48
2024-25	271089 8	14.05	543989 8	9.33	1641637	13.72	1496687	10.71
MEAN	197243 4		453554 2		1009631		1230977	
CAGR	19.40%		10.00%		14.36%		10.72%	

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC: HDFC reflects rising movement in deposits Rs.1333720 in 2020-21 to Rs. 2710898 in 2024-25. The percentage change shows highest growth in 2023-24 which is 26.25% and lowest growth in 2024-25 which is 14.05%. The mean deposit of HDFC is Rs.1972434. The compound annual growth in HDFC over five years period is 19.40% which reflects faster growth of HDFC in compared to SBI, ICICI & BOB.

SBI: SBI reflects gradually rising movement in deposits Rs. 3715331 in 2020-21 to Rs. 5439898 in 2024-25. The deposit rate of SBI was highest (Rs. 5439898) in 2024-25. The deposit rate was lowest (Rs. 3715331) in 2020-21. The percentage change shows highest growth in 2023-24 which is 11.14% and lowest growth in 2022-23 which is 9.32%. The mean deposit of SBI is Rs.4535542. The compound annual growth in SBI over five years period is 10% which reflects slower growth of SBI in compared to HDFC, ICICI & BOB.

ICICI: reflects gradually rising movement in deposits from year 2020-21 to 2022-23 then it gets slower from year 2023-24 to 2024-25. The deposit rate of ICICI was highest (Rs. 1641637) in 2024-25. The deposit rate was lowest (Rs. 144379) in 2023-24. The percentage change shows highest growth in 2021-22 which is 13.69% and negative growth in 2023-24 which is -88.07 %. The mean deposit of ICICI is Rs.1009631. The compound annual growth in ICICI over five years period is 14.36 % which reflects slower growth of ICICI in compared to HDFC and faster growth in compared to SBI & BOB.

BOB: BOB reflects gradually rising movement in deposits Rs. 995909 in 2020-21 to Rs. 1496687 in 2024-25. The deposit rate of BOB was highest (1496687) in 2024-25. The deposit rate was lowest (995909) in 2020-21. The percentage change shows highest growth in 2022-23 which is 14.76% and lowest growth in 2021-22 which is 8.02%. The mean deposit of BOB is Rs. 1230977. The compound annual growth in BOB over five years period is 10.72% which reflects slower growth of SBI in compared to HDFC, ICICI and little faster than SBI.

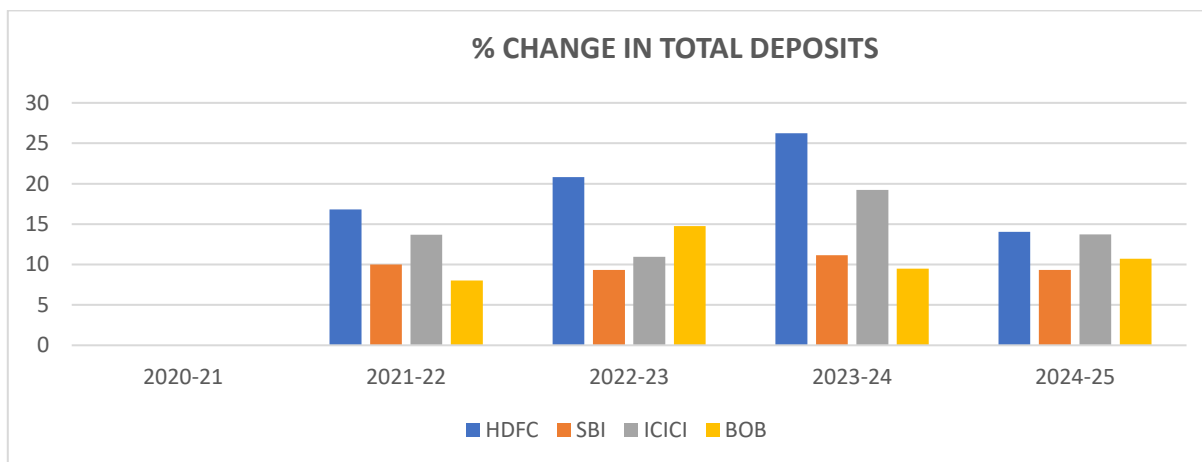


FIGURE 1.8: TOTAL DEPOSITS

9. TOTAL ADVANCES

Unlike traditional loans, advances are typically less formal and more flexible, often provided as overdrafts or credit facilities. Bank advances are short-term credit facilities, similar to loans, offered by banks to individuals or businesses for various needs, such as meeting immediate expenses or working capital requirements. They are designed for short-term needs and are often repaid from the borrower's next salary or income.

Formula of Percentage change in advances:

$$= (\text{New advance} - \text{old advances} / \text{old advances}) \times 100$$

TABLE 1.9- TOTAL ADVANCES

(In crore)

YEAR	HDFC		SBI		ICICI		BOB	
	ADVANCES	%CHANGE	ADVANCES	%CHANGE	ADVANCES	%CHANGE	ADVANCES	%CHANGE
2020-21	1185283	...	2500598	...	791801	...	723242	...
2021-22	1420942	19.88	2794076	11.73	920308	16.22	797280	10.23
2022-23	1661949	16.96	3267902	16.95	1083866	17.77	963651	20.86
2023-24	2565891	54.39	3784272	15.80	1260776	16.32	1088983	13.00
2024-25	2724938	6.19	4250830	12.32	1420663	12.68	1237240	13.61
MEAN	1911801		3319536		1095483		962079	
CAGR	23.14		14.18		15.74		14.36	

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC: The HDFC shows continue extension from 2010-21 (Rs. 1185283) to 2024-25 (Rs. 2724938). In 2023-24 the percentage change in total advances of HDFC was highest (54.39%).

The mean advance of HDFC is 1911801 which is less than the mean of SBI, ICICI & BOB. Compound annual growth rate of HDFC is 23.14% which result in high profit potential in compare to SBI, ICICI and BOB.

SBI: The SBI shows continue extension from 2020-21 (Rs. 2500598) to 2024-25 (Rs. 4250830). The changes in total advances were higher in 2022-23 which is 16.95%. The mean of advance of SBI is 3319536 % which is higher than HDFC, ICICI and BOB. The compound annual growth in SBI over the 5-year period is 14.18 % which shows SBI has slower total advances growth rate.

ICICI: The ICICI shows continue extension from 2020-21 (Rs. 791801) to 2024-25 (Rs. 1420663). The percentage change in advances of ICICI was highest (17.77%) in 2022-23. The mean of advance of ICICI is 1095483 which is less than mean of SBI and more than HDFC and BOB. Compound annual growth rate (CAGR) of ICICI is 15.74%.

BOB: The BOB shows continue extension from 2020-21 (Rs.723242) to 2024-25 (Rs. 1237240).

The percentage change in advances of BOB was highest (20.86%) in 2022-23. The mean of advances of BOB is 962079.2 which is less than mean of SBI & ICICI and more than HDFC. Compound annual growth rate (CAGR) of BOB is 15.74%.

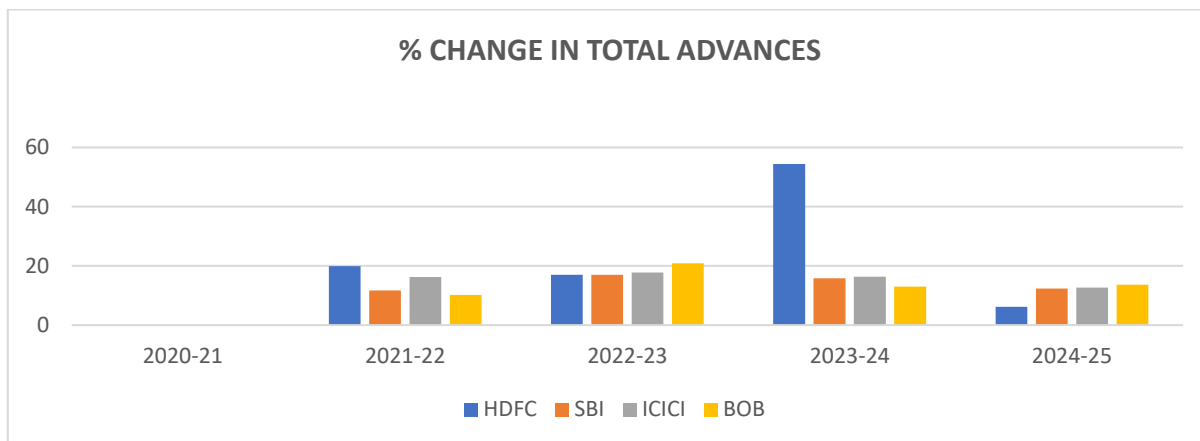


FIGURE 1.9: TOTAL ADVANCES

10. Return on Assets (ROA):

Return on assets (ROA) measures how well a company uses assets like buildings and equipment to generate revenue. A higher ROA means a company is more efficient and productive at managing its balance sheet to generate profits. A lower ROA indicates there's room for improvement.

Formula: - (Net profit/ Total assets) x100

Table 1.10- RETURN ON ASEETS (ROA)

(In percentage)

YEAR	HDFC	SBI	ICICI	BOB
2020-21	1.77	0.50	1.29	0.12
2021-22	1.79	0.67	1.47	0.57
2022-23	1.82	0.94	1.75	0.96
2023-24	1.62	1.09	1.90	1.11
2024-25	1.67	1.08	2.05	1.09
MEAN	1.73	0.85	1.69	0.77
CAGR	-1.44	21.23	12.28	74

Sources: Annual report of HDFC, SBI, ICICI and BOB from 2020-21 to 2024-25.

HDFC: The HDFC bank maintain a good Return on assets during the period (from 2020-21 to 2024-25). It was gradually increases from 1.77% the year 2020-21 to 1.82% in 2022-23, then start decreasing (1.62%) in 2023-24 and it start increasing (1.67%) again in 2024-25.

SBI: SBI is gradually reflects continuous increasing in ROA over the period. In 2020-21 it was 0.50% and from then it continues increases till 2023-24 (1.90%) in 2024-25 it decreases (1.08%).

ICICI: ICICI is gradually reflects continuous increasing in ROA over the periods. Its return on assets increased from 1.29% in 2020-21 to 2.05 in 2024-25. This measure of ICICI bank reflects better financial performance and efficient management of assets.

BOB: The ROA of BOB is fluctuated over the years in starting it was 0.12% in 2020-21, 0.57% in 2021-22, 0.96% in 2022-23, 1.11 in 2023-24, 1.09% in 2024-25. It reflects assets utilization of BOB is not stable in compared to other banks (HDFC, SBI and ICICI).

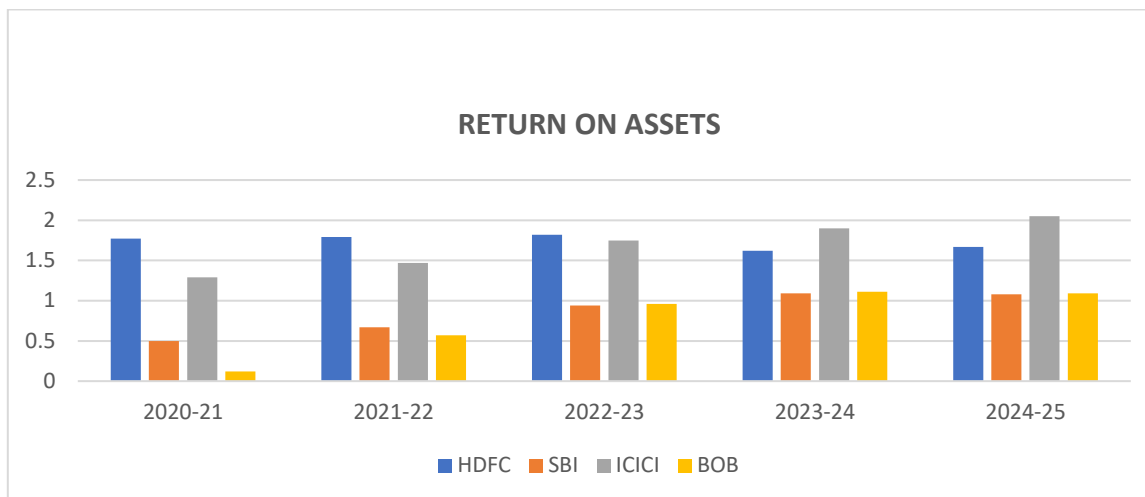


FIGURE 1.10: RETURN ON ASEETS (ROA)

FINDINGS AND CONCLUSION:

- The study found that the mean of Credit Deposit Ratio of HDFC Bank is highest (95.36%) than that of ICICI Bank (86.02%), BOB (72.82%) and SBI (72.85%). This shows that HDFC Bank and ICICI Bank have created more loan assets from its deposits during selected five years period as compared to BOB and SBI.
- The mean of share of Interest expenses in total expenses is highest of BOB (53.11%) as compared to HDFC Bank (47.50%), SBI (46.45%) and ICICI Bank (34.13%).
- The mean of proportion of interest income to total income is highest in case of BOB (83.85%) as compared to HDFC Bank (77.88%), SBI (72.26%) and ICICI Bank (62.13%), which shows that people prefer BOB to invest their savings.
- The mean of ratio of other income to total income is highest of ICICI Bank (37.66%) as compared to SBI (26.91%), HDFC Bank (22.25%) and BOB (16.14%).
- The mean value of total income is highest of ICICI Bank (707135 crores) as compared to that of SBI (504721 crores), HDFC Bank (321431 crores) and BOB (123305 crores).
- The mean value of total expenditure is highest of SBI (Rs. 451851 crores) as compared to that of HDFC Bank (Rs. 230422 crores), ICICI Bank (Rs. 171127 crores) and BOB (Rs. 103901 crores).
- The mean of Net Profit Margin of HDFC Bank is highest (19.47%) as compared to that of ICICI Bank (17.00%), BOB (12.47%) and SBI (10.12%), which shows that HDFC Bank shows comparatively better operational efficiency than that of others three banks.
- HDFC Bank has increasing trend in deposits except in 2024-25. SBI ICICI Bank and BOB have also increasing trend in deposits but there is fluctuation in this trend year by year.
- The value of advances is highest in case of SBI (Rs. 3319536 crores) followed by HDFC Bank (Rs. 1911801 crores), ICICI Bank (Rs. 1095483) and BOB (Rs. 962079 crores). Exceptional increase in advances of HDFC Bank in 2023-24 is observed of 54.39% and lowest growth of 6.19% is noticed in 2024-25. Advances of all four banks are continuously increasing (with an increasing and decreasing trend both year by year) CAGR of HDFC Bank is highest (23.14%) followed by ICICI Bank (15.74%), BOB (14.36%) and SBI (14.18%).
- The mean value of ROA is highest of HDFC Bank (1.73%) in comparison to ICICI Bank (1.69%), BOB (0.98%) and SBI (0.87%). ROA of HDFC Bank is almost constant during the selected period of study of 5

years. Growth in ROA of SBI and BOB is impressive and constant whereas growth in ROA of ICICI is constant but at little bit slower rate. CAGR of BOB (74%) is very high as compared to SBI (21.23%) ICICI Bank (12.28%) and HDFC Bank (-1.44%).

- Hence, on the basis of the above study it can be concluded that on some parameters private sector banks performed better, on the other parameters public sector banks performed better and banking customer has more trust on the public sector banks as compared to private sector banks.

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