

A STUDY ON THE FINANCIAL COMPARISON BETWEEN STATE BANK OF INDIA AND INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA WITH REFERENCE TO CHENNAI ANNANAGAR BRANCH.

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ABSTRACT

The banking system is major part of financial sector and it plays an important part in the growth of economy. The aim of this research is to study and compare performance of state bank of India and icici banks which are operating in Tamilnadu at Chennai Annannagar branch during the period of 2012-2017. one private and one public bank are used for the research. Bank size and financial ratios are taken as variables such as operating profit and net interest income and debt equity ratio, As a result of the study, it stated that operating profit ratio, State bank of india is higher than private banks.

Keywords –Bank performance, Private Banks, Public Bank, SBI,ICICI

I. INTRODUCTION

The banking sector is the backbone of economy in a country. Banking industry plays a vital role for the economic development. Poor banking system cannot help the country in economic development State Bank of India is a public sector bank and nationalised bank with a huge customer base all over India. It has seven associate banks operating under its SBI name. It has over thirteen thousand branches across India and in some selected international countries and a 11,1,111ATM network across India. The Standard Bank of India „inherited. the Bank of Calcutta, which was founded in 1806, and has been in existence for over two hundred years has given birth to State bank of india.

On the other hand, the ICICI is a private sector bank (privately owned), with a relatively smaller clientele base. It is one of the major banks in India (precisely the second largest), but much smaller than the SBI. It has 950 branches, with 3,500 branches across India. The bank has deposits of Rs 1.65 lakh crore compared to SBI.s Rs 3.8 lakh crore (accumulated in a period of five years), rocking up a net worth of Rs 22,000 against Rs 27,000 for the State Bank of India. This represents Rs 9 crore business generated by each ICICI employee per year,

compared to Rs 3 crore worth of business per employee of the ICICISector), privately owned bank (private sector). The SBI is much older (more than 200 years old) and more established than the ICICI, which is less than 25 years old. The SBI does not limit daily international transfer amounts, while the ICICI limits daily transfers to \$5000 a day. The SBI bank pays a higher percentage on deposits than the ICICI bank.

II. ANALYSIS AND INTERPRETATION OF SERVICES

Both banks carryout services like Demand Drafts ,Operations Manager (Queries) ,Deposits / Withdrawals ,Deposits / With drawals ,Pass Book Entries ,Queries Clearing ,May I Help You .This crosses more than 500 daily just for deposits and withdrawals. Only two counters manage this which is highly inadequate; thus leading to crowding and frustration among customers at the ANNANAGAR branch. The irony is, SBI keeps advertising on the number of ATMs and cash withdrawals made by consumers over the years in these ATMs. This advertising is irrelevant. As a customer of SBI, it makes no difference on the number of ATMs added over the years since the data is irrelevant. ICICI however offers all the services in all of its ATMs. And the advertising of its services has been clearly seen on all its branches. There is even a flash demo on the bank website that provides details on the services available at its ATMs. Their current marketing campaign, suggests “Our ATM is almost a bank branch” indicating customers the improvised convenience.

III. OBJECTIVES

- 1.To analyze financial performance comparision between SBI and ICICI at Chennai Annanagar branch.
- 2.To study solvency position of both banks for the period of 2012-2017.
- 3.To find suggestions for the improvement of financial performance of SBI and ICICI.

METHODOLOGY

Study focused on the ownership and performance of SBI and ICICI. .

SAMPLE

Public and private banks are used as the sample in this research. The State bank of india. industrial credit and investment corporation of india were used for the research at Chennai annanagar branch.

DATA COLLECTION

Secondary data is used in this research, financial statements of public and private banks are taken from annual reports of both banks .

REVIEW OF LITERATURE

1. Data from 289 banks were used as sample.Results shows that’s state owned banks are less efficient than private banks. has stated that the financial ratios analysis can provide better investment options for investor Financial ratio analysis also measures different characteristics of the performance and fundamentals of company. Alam compared the performance of state-owned and private banks. They use the data from 2012 to

2016 and compare the performances of banks with financial ratios analysis. The results shows that domestic banks of sbi have more assets than state-owned private banks like icici..

2. Elizabeth Duncan [explores the connection between customer service quality and financial performance. The result of research shows that financial performance measures have a positive relationship with customer service quality.

3. GiulianoIannotta compares government banks with private banks of the indian Banking Industry. They take 224 large indian banks over the 1999-2004 period for research. They found that private bank risk of insolvency is less than government owned banks. Government-owned banks accounting ratios are better than private banks.

4.Ashfaq Habib compares the banking sector of state bank of india and icici. Researchers divide the entire banking system into four groups and use the financial statement of banks from period 2012-2016. The results of research show that private banks are better than all other types of banks.

5.SuvitaJha and XiaofengHui conducted research on the banking industry of sbi. They use data from 2010-2014 for research and apply financial ratio based on the CAMEL model. The results of the study indicate that performance of private banks is significantly efficient then public banks of india.

ANALYSES AND INTREPRETATION:

TABLE :1

Comparision of operating profit of state bank of india with industrial credit and investment corporation of india.

FORMULA:

$$\text{Operating profit}=(\text{operating profit /net sales})*100$$

YEAR	OPERATING PROFITof SBI	OPERATING PROFIT OF ICICI	SALES OF SBI	SALES OF ICICI	PERCENTAGE	
2012-2013	31573 .65	25.678.67	26574.56	28676.53	1.1881	0.895
2013-2014	33456.78	29654.62	27866.76	28890.67	1.20	1.02
2014-2015	36678.53	31245.64	28765.45	29786.52	1.27	1.04
2015-2016	45675.52	32456.64	28678.54	29745.32	1.59	3.24
2016-2017	49749.45	33458.78	34574.57	31245.7	1.438	1.070

SOURCE: Annual report of SBI and ICICI.

INTERPRETATION:

The table interpret that the operating profit of state bank of india 31573.78 on 2012-2013 and ICICI is 25789.34 and there of sales of SBI is 24574.57 that is increased by as compared to state bank of india same has been repeated in the following subsequent years same position has been continued in 201--2017 of sbi and icici 33457.78 that sales (ie) 27574.57 of sbi , icici 28789.0.

TABLE:2

Comparision of net profit of state bank of india with industrial credit and investment corporation of india.

FORMMULA: Net profit ratio = Net profit after tax/ Net sales *100

YEAR	NET PROFIT AFTER TAX SBI	NET PROFIT AFTER TAX ICICI	NET SALES SBI	NET SALES ICICI	PERCENTAGE	
2012-2013	32526.41	28676.67	81394.36	78432.56	0.3995	1.0337
2013-2014	43291.61	39356.56	83456.65	81234.78	0.5329,	0.484
2014-2015	45654.67	40789.87	85678.69	82456.54	0.537	1.034
2015-2016	47899.89	42345.65	97997.54	84786.68	0.487	1.155
2016-2017	53459.78	51236.89	104521.45	48900.87	0.511	1.047

SOURCE: Annual reports of SBI and ICICI.

INTERPRETATION:

The table 2 suggest that net interest income of state bank of india in 2012-2013 is 32528.41 crore and that of icici is 28757.87 and net income of 81394.37 to increased to 78432.75 that net profit of 201 -2017 is 53459.78 and that of state bank of india and icici 104521.45. and net income of state bank of india is 104521.45 and icici is 48900.87.

Table:3

Comparision of debt equity ratio of state bank of india with industrial credit and investment corporation of india.

FORMULA: Debt – Equity Ratio = Total liability /Total equity shareholders *100

YEAR	TOTAL LIABILITY OF SBI	TOTAL EQUITY SHAREOLDER OF SBI	TOTAL LIABILITY OF ICICI	TOTAL EQUITY SHAREHOLDER OF ICICI	PERCENTAGE	
2012-2013	15453.23	10978.55	12457.89	7854.53	1.204,	1.397
2013-2014	14231.87	11805.43	11342.97	5543.27	1.254	2.045
2014-2015	17423.78	18578.53	14321.43	7890.90	0.925	1.88
2015-201	19874.54	21478.90	14132.22	7485.03	0.925	0.543
201-2017	20878.78	19754.42	18753.23	4532.54	1.054	0..325

SOURCE:ANNUAL REPORTS OF SBI AND ICICI.

Interpretation

Table 3 indicates that the operating profit of 2012-2013 is 15453.23 and operating profit of ICICI is 12457.29 and operating profit of State Bank of India is 10978.55 and that of ICICI is 7854.33 and that of 2011-12 operating profit of SBI is 20878.78 and that of ICICI is 14132.22 and that of State Bank of India is 19754.42 and that of ICICI is 4532.54.

FINDINGS AND SUGGESTIONS

1. Findings of table 1 indicate that the operating profit of State Bank of India in comparison with ICICI there is more profit for SBI as compared to ICICI. This is because of the new scheme introduced by State Bank of India with a high rate of interest as it is under the control of government so ICICI has to introduce good schemes in order to give a hike in their operating profit.
2. The study suggests that net profit of State Bank of India and ICICI in 2011-12 is increased as the bank fixes more rate of interest than ICICI as there are many branches for SBI, net profit of ICICI is more sensitive to changes in interest rate. An increase in interest rate can cause borrowers to miss their payments on their loans and lower the bank's net.
3. Debt equity ratio used to measure banking trend calculated by total liabilities by its shareholders' equity. Increase in debt equity of ICICI is due to purchase of durable assets by interest credit codes.

CONCLUSION

Our study concludes that banks in India play a crucial role in the financial sector of the country. They raise deposits from the public, offer loans and advances to industry and commercial establishments, responsible for the flow of credit, offer priority sector loans, take care of the working capital requirements of the medium and small enterprises, provide housing and educational loans and offer a host of other financial services. As they were enjoying a monopoly or near monopoly situations and were operating in a seller's market, thanks to the government patronage. But, with the liberalization of the economy and entry of new large scale private sector banks, and the foreign banks establishing branches in India, the entire scenario has perceptibly changed. Suddenly, they have been forced to function in the buyer's market. The customers started demanding good quality of service from the banks so now a days again public sector banks have started showing their heads to private sector banks so ICICI is also not big dawn to detect public banks so private bank has to introduce more attractive schemes to capture mass customers.

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