

CHAPTER: 5

SUMMARY, FINDINGS AND SUGGESTIONS



CHAPTER-5
SUMMARY, FINDINGS AND SUGGESTIONS

5.1 INTRODUCTION

5.2 SUMMARY

5.3 FINDINGS

5.4 SUGGESTIONS

5.1 INTRODUCTION:

In this chapter, the key aspects of this research report are concluded and recommendations are given. In it, the problem undertaken is briefly recalled. The statistical designs & procedure used in conducting the study are also briefly replaced. Findings & Suggestions which are drawn based on this study are mentioned based on analysis of data.

5.2 SUMMARY:

Summaries can save a reader time because it prevents the reader from having to actually go through and filter the important information from the unimportant. The research work is being prepared under following six chapters. The chapter wise summary is as under:

Chapter-1: Overview of Banking Sector

This chapter is related to banking industry. This chapter includes introduction to the banking industry evolution and definitions of bank, functions of bank, concerns of banking sector and role of banking in economic development. This chapter also represents the overview of ten banks.

Chapter-2: Review of Literature & Research Methodology

This chapter give idea about what is review of literature, how literature review is write, importance of literature review in research work, types of sources for literature review and literature review related to the present research work.

This chapter provides the blue picture and framework of the research work. It includes meaning, definition, problem of the study, research design, objectives of the study, hypothesis of the study, period of the study, data collection, universe of the study, population of the study, sample of the study, scope of the study, tools and techniques, chapter plan and limitations of the study.

Chapter-3: Data Analysis and Interpretation

This chapter represents the data analysis and interpretations through various ratios calculated from data available. The ratios taken for the calculation are as follows

1. Operating profit margin ratio:
2. Net Profit to Total Funds:
3. Interest Expended to Interest Earned Ratio
4. Operating Expense to Total Income Ratio:
5. Return on Assets:
6. Return on Net worth Ratio
7. Total Advance to Total Assets Ratio:
8. Total Advances to Total Deposits:
9. Net NPAs to Total Assets:
10. Net NPAs to Total Advances:
11. Credit to deposit Ratio:
12. Total Assets Turnover Ratios:
13. Current Ratio:
14. Quick Ratio:
15. Capital Adequacy Ratio:
16. Total Debt to Owners Fund Ratio

Chapter-4: Comparison of Performance Appraisal of Selected Public Sector banks and Private Sector banks.

This chapter indicates the comparison of selected ratios of public sector banks and private sector banks during study period.

Chapter-5: Summary, Findings and Suggestions.

The overall conclusion, output of research, and suggestions for better performance are given in this chapter.

5.3 FINDINGS:

In research work comparative study on financial performance of selected public sector and private sector banks are done. From the data analysis and interpretation researcher finds that:

1. The operating profit as a percentage of total assets ratios of public sector banks during study period shows an average of 31.33%. While in private sector banks it was 33.53%. In public sector banks Canara bank, BOB and BOI not performing well than the average ratio. While in private sector banks only Axis bank and Federal bank performing well as compared to average ratio. The average net profit as a percentage of total assets ratio was higher in the private sector banks (i.e. 33.53%) as compared to public sector banks. So, private sector utilized its total assets efficiently than the public sector banks.
2. The net profit as a percentage of total assets ratio of public sector banks during study period shows an average of 0.77%. While in private sector banks it was 2.83%. In public sector banks Canara bank, BOB and BOI not performing well than the average ratio. While in private sector banks only Axis bank and Federal bank performing well as compared to average ratio. The average net profit as a percentage of total assets ratio was higher in the private sector banks (i.e. 2.83%) as compared to public sector banks. So, private sector utilized its total assets efficiently than the public sector banks.
3. The interest expended to interest earned ratio of public sector banks during study period shows an average of 65.77%. While in private sector banks it was 58.83%. In public sector banks BOB and BOI not performing well than the average ratio. While in private sector banks only ICICI bank, Axis bank and Federal bank performing well as compared to average ratio.
4. The total incomes as a percentage of capital employed ratio of public sector banks during study period shows an average of 19.51%. While in private sector banks it was 22.76%. In public sector banks PNB, BOB and BOI performing well than the average ratio. While in private sector banks HDFC and Federal bank not performing well as compared to average ratio. The average total incomes as a percentage of capital employed ratio was higher in the private sector banks (i.e. 22.76%) as compared to public sector banks. So, private sector banks was utilized its capital better than the public sector banks.

5. The priority sector advances as return on assets ratio of public sector banks during study period shows an average of 0.89%. While in private sector banks it was 1.16%. In public sector banks PNB and Canara bank performing well than the average ratio. While in private sector banks all the banks performing well as compared to average ratio. The average priority sector advances as a percentage of total advances ratio was higher in the private sector banks (i.e. 1.16%) as compared to public sector banks. So, private sector earning more from assets efficiently as compared to the public sector banks.
6. The priority sector advances as return on net worth ratio of public sector banks during study period shows an average of 14.32%. While in private sector banks it was 15.48%. In public sector banks PNB and Canara bank performing well than the average ratio. While in private sector banks HDFC, Axis and Federal bank performing well as compared to average ratio. The average priority sector advances as a percentage of total advances ratio was higher in the private sector banks (i.e. 15.48%) as compared to public sector banks. So, private sector earning more from net worth efficiently as compared to the public sector banks.
7. The total advances as a percentage of total deposits ratio of public sector banks during study period shows an average of 73.82%. While in private sector banks it was 79.30%. In public sector banks SBI, Canara bank and BOI performing well than the average ratio. While in private sector banks ICICI, Federal bank and J & K performing well as compared to average ratio. The average total advances as a percentage of total deposits ratio was higher in the public sector banks (i.e. 59.30%) as compared to public sector banks. So, public sector banks were more reliance on deposits for lending as compared to private sector banks.
8. The net NPA as a percentage of total advances ratio of public sector banks during study period shows an average of 2.05%. While in private sector banks it was 1.24%. In public sector banks SBI and BOI not performing well than the average ratio. While in private sector banks Axis bank and J & K not performing well as compared to average ratio. The average net NPA as a percentage of total advances

ratio was lower in the private sector banks (i.e. 1.24%) as compared to public sector banks. So, private sector banks was worked responsibly as concern to NPA than the public sector banks.

9. The total assets turnover ratio of public sector banks during study period shows an average of 0.075%. While in private sector banks it was 0.09%. In public sector banks SBI and PNB performing better than the average ratio. While in private sector banks ICICI and HDFC performing well as compared to average ratio.
10. The capital adequacy ratio of public sector banks during study period shows an average of 12.96%. While in private sector banks it was 15.85%. In public sector banks SBI and BOB performing well than the average ratio. While in private sector banks HDFC and Federal bank performing well as compared to average ratio. The average capital adequacy as a percentage was higher in the private sector banks (i.e. 15.85%) as compared to public sector banks. So, private sector performing better than the public sector banks concern to capital adequacy.

5.4 SUGGESTIONS:

From the comparative data analysis of public sector and private sector banks conclusion have been drawn and suggestions for practical significance have been given to improve the performance of public sector and private sector banks.

- 1) The Net profit as a percentage of total assets ratio of public sector banks was too low as compared to private sector banks and also shows continues decreasing trend. So, public sector banks needs to utilize its employed total assets effectively by increasing margins.
- 2) The Net NPA as a percentage of total advances ratio shows continuous increasing trend in both public sector and private sector banks. So, both sectors requires to improve recovery system to their advances and also make careful decision while sanctioning further advances.

To improve NPA, banks should follow undermentioned steps;

- Need for a mechanism to identify hidden NPAs.
- Development internal skill sets on credit assessment /evaluation.
- Use of forensic audit to ascertain intent of the borrower.
- Technology and data analytics to identify early warning signals.

- 3) The operating expenditure as a percentage of total income of private sector banks was too high as compared to public sector banks. Hence, private sector banks needs to enhance their operating efficacy by cutting down their operating expenditures.