FINANCIAL PERFORMANCE OF SCHEDULED COMMERCIAL BANKS IN INDIA: AN ANALYSIS

ABSTRACT

The financial structure in the whole world has been change due to slow down. Banking sector is also affected by the crisis. Banking sector is the main component of financial sector, hence measuring the performance of banking institution has become a major task of all economies. The major objective of the study is to measure the efficiency, profitability and overall performance of banks and bank groups in public and private sector banks during the study period 2007-08 to 2012-13. CAMEL and DEA methods are used to measure the performance of banks.

The financial performance analysis of public and private sector banks using CAMEL approach reveals that on an average private sector banks are much ahead of public sector banks. In the present study CAR is considered ICICI Bank, Axis Bank and Yes Bank are much stronger than other banks. On the basis of asset quality again new private sector banks are performing better than other banks. From the business per employee point of view, public sector banks are performing will than new private sector bank. When profit per employee is considered new private sector banks are earning more than private sector banks. Again from the earning present of view new private sector banks are better performer in comparison to other banks. This shows that new private sector banks are giving importance to their earning capacity and efficiently utilizing their asset. When liquidity is considered most of new private sector banks are again in batter position in comparison to public sector banks.

The analyses on the basis DEA reveals that SBI, HDFC, ICICI banks are best DMUs. They are using their inputs and outputs more efficiently than other banks. Inter bank group analysis indicate that performance of new private sector banks, on an average, is better than old private sector banks, public sector banks. The performance of old private sector banks on TE and SE basis consider to be weak when compared to other groups. It appears that all public sector banks have not responded after crisis in the same degree and
speed. Some of them, for instance, SBI, PNB and Corporation banks recorded a remarkable improvement while other banks like Central Bank Of India, Vijaya Bank, Punjab and Sind Bank failed to show any significant improvement. Similarly, private sector banks have also shown lower improvement in the efficiency in comparison with new private sector banks.

Parveen Kumar