Chapter – VI

Summary of the Findings, Suggestions and Conclusion
## CHAPTER - VI

### SUMMARY OF THE FINDINGS, SUGGESTIONS AND CONCLUSION

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Findings</td>
<td>220</td>
</tr>
<tr>
<td>6.2</td>
<td>Suggestions</td>
<td>223</td>
</tr>
<tr>
<td>6.3</td>
<td>Conclusion</td>
<td>225</td>
</tr>
</tbody>
</table>
CHAPTER- VI

FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 FINDINGS

In this source of the present study two hypotheses (i) Null hypotheses (i) Alternative hypotheses have been taken and they have been tested with the help of 'F' test. A null hypothesis is taken that the variance appeared is not significant while alternative hypothesis is also taken that the variance appeared is significant.

In null hypothesis that there is no significant difference in the perception of private sector bank regarding importance of various ratios of capital adequacy under CAMEL Model stands accepted regarding ratios, such as capital adequacy ratio and advances to total assets ratio, but it stands rejected for ratios like debt-equity ratio and general securities to total investment ratio.

In null hypothesis that there is no significant difference in the perception of ICICI bank regarding importance of various ratios of management efficiency under CAMEL Model stands accepted except business per employee.

There is no significant difference in the perception of public and private sector bankers regarding importance of various ratios of earning quality under CAMEL Model stands accepted in ratios, such as operating profits to average working funds and interest income to total income ratio. However, it stands rejected for ratios like spread, net profit to average assets and non-interest income to total income ratio.

In null hypothesis that there is no significant difference in the perception of public sector and private bankers regarding importance of various ratios of liquidity under CAMEL Model, It stands accepted in all other ratios except liquid assets to total assets and liquid assets to demand deposits.

ICICI BANK LTD has its registered office at Vadodara located in Gujarat State. The bank is India's premier financial institution and having good brand image among the public. It is also known as an INDIAN MNC BANK. It occupies an important role in the economy. The bank initially worked as development financial institution and later on, it was
modified as private financial institution. The bank is very popular in the minds of 100 crores plus population. Generally, non-professionals are also interested to know about the performance of a popular bank. In this paper, an attempt is made for a deep analysis about the business efficiency of the competitive banks. The financial numerical data procured from their audit reports. The data published in audit reports have been taken as a secondary data. The financial numerical information has been converted from thousand/millions into crores for better understanding of the analysis. All the necessary and important data have been taken for analysis purpose; their auditors have certified the financial numerical information about ICICI bank. The table reveals about basic data regarding total income, total expenditure, assets, deposits, advances and earnings per share. The total income in the year 2006-07 was found `28, 923 crores and increased to `39, 599 crores to the next year 2007-08. Then there is a slope on total banking.

- **Capital Adequacy**: The Capital Adequacy ratios were calculated in order to find the extent of relationship among this ratio. From the correlation Matrix given below which seems that advances to asset has low positive correlation with Capital Adequacy ratio\(r=0.136\) and the highest correlation is between Capital Adequacy ratio and Debt equity ratio which is having negative relationship \(r=-0.913\) very high correlation where found between Government securities to assets, Capital Adequacy ratio and Debt equity ratio. This correlation vary between -0.801 to -0.913. Good positive correlation is found between Government securities to assets, Government securities to investment and Debt equity ratios. These ratios show a good positive relationship among themselves. An advance to asset ratio was found to have low to moderate correlation, with all other Capital Adequacy ratios.

- **Assets Quality**: Asset Quality was calculated in order to find the extent of relationship among this ratio. From the correlation Matrix given below which seems that Return on Investment has low positive correlation with PSA to Advances \(r=0.344\) and the highest correlation is between Return on Advances and Return on Investment which is having positive relationship \(r=0.851\) very high correlation were found between Return on Advances, PSA to Advances and Return on Investment. These correlations vary between 0.629 to 0.851. Good positive correlation is found between NPA to Advances, PSA to Advances and Non-Interest Income to Assets. These ratios show a good positive relationship among themselves. A Return on Advances ratio was found to have low to moderate correlation with all other Asset Quality.
Management Efficiency: Management Quality was calculated in order to find the extent of relationship among this ratio. From the correlation Matrix given below which says that Intermediation Cost Ratio has low positive correlation with Business per branch (r=0.123) and the highest correlation is between Profit per Employee and Business per Employee which is having a positive relationship (r=0.820) very high correlation were found between Profit per Employee, Return on Networth and Business per Employee. These correlations vary between from 0.666 to 0.820. Good positive correlation found between Intermediation Cost Ratio, Return on Net worth and Intermediation Cost Ratio. These ratios show a good positive relationship among themselves. A Profit per Employee ratio was found to have low to moderate correlation with all other Management Quality.

Earning Quality: Earning Quality was calculated in order to find the extent of relationship among this ratio. From the correlation Matrix given below which says that Return on assets has low positive correlation with Interest income to total income (r=.026) and the highest correlation is between Spread to working funds and Interest income to total income which is having a positive relationship (r=0.917) very high correlation were found between Burden to working funds, Operating profit to total assets and Interest income to total income. These correlations vary between 0.562 to 0.917. Good positive correlation is found between Spread to working funds, operating profit to total assets and Interest income to total income. These ratios show a good positive relationship among themselves. A Profit per Employee Spread to working funds ratio was found to have low to moderate correlation with all other Earnings Quality.

Liquidity: The Liquidity was calculated in order to find the extent of relationship among this ratio. From the correlation Matrix given below it states that Term Deposits to assets has low positive correlation with Cash Deposit ratio (r=0.272) and the highest correlation is between Approved. Sec to assets and Cash Deposit ratio which is having positive relationship (r=0.923) very high correlation were found between App. Sec to assets, Term Deposits to assets and Cash Deposit ratio. These correlations vary between 0.529 to 0.923. A Good negative correlation found between Term Deposits to assets, Provision and Contingencies to assets and Liquid assets to assets. These ratios show a good positive relationship among themselves. Approved. Sec to assets ratio was found to have low to moderate correlation with all other Liquidity.
6.2 SUGGESTIONS

Pertaining to findings the following suggestions are given:

1. **Need to timely strategies:** The present business environment of banking is highly volatile and uncertain. It is highly competitive and every bank is finding difficult to serve grow, stabilize and excel in banking business. Further, for better performance management must keep an eye on the emerging trends in business environment. The proper and timely strategies must be adopted to improve efficiency of the whole organization.

2. **Adopt effective working strategy:** Competition is faced from public, private, foreign and cooperative banks. They have adopted the strategy for effective workings making use of advance technology and changes in working procedure. No doubt, performance has been improved, but manpower is not maintained and utilized properly. For improvement in human resources, special focus should be given on selection, training, motivating career opportunities for employees etc.

3. **Proper utilization of Manpower:** Human resource is considered as the most important resource but today dealing efforts are not found for improvement of competencies and motivation of employees. It is suggested that in this direction strong steps have to be taken.

4. **Providing performance feedback:** Performance is one of the management functions are available on papers but actually these functions are not performed or performed partially. The effectiveness of performance management is below expectation. Performance management functions should be assigned to a separate cell Head by HR so that effectiveness of it would improve. The awareness regarding this should be created further through discussions, circulars and lectures by experts.

5. **Avoiding unequal performance standards:** Performance appraisal, planning and methods used are rightly available on papers. Regular appraisals are not carried out. The improper appraisal is creating problems for further actions. HR Department should look into these matters and take the help of experts and implement the performance appraisal strongly. A lot of irregularities can be overcome.
6. **Customer satisfaction:** Transactions and other banking formalities rob the precious time of customers. More time on waiting is involved. Especially management of bank should focus on prompt response and reduce the waiting time of a customers, when it happens, he feels at ease and happy. The management should carry out a study the work measurement to cut down unwanted activities and time taken for performing banking jobs. The reduction in cost time and efforts should be their objectives.

7. **Employees’ Motivation:** Attention paid to customers and interest taken in jobs by employee is of average level. Management should focus to motivate employees to take more interest in jobs and proper attention to be given to customers while dealing particularly in public and cooperative banks. For creating goodwill in the minds of customers, employees of banks have to play an important role. The focus of management should be there on employees’ selection, training, motivation, appraisal and career opportunities.

8. **Developing a positive attitude:** Motivation, behaviour, willingness to shoulder responsibility, convincing customers, initiative to solve problems and satisfaction are the required qualities for achieving the positive development. A big gap is found between employee and management should gear up and specially cooperative and public banks to plan and act smart to improve these categories.

9. **Goal orientation:** Employees are the most important resource of any bank. They contribute more in achieving higher profitability, business, competitive advantage and goodwill of the banks. Management should treat them as business partners. The mindset of past is not going to work out in present scenario. They should be discussed, consulted, motivated and participate to accomplish tasks and meet performance standards.

10. **Future Forecast:** The impact of employees is very good on performance, profitability, progress and goodwill of banks. In future it can be improved more, because there is a scope for further improvement. With higher productivity and performance of employees the future of banks is going to be bright definitely.
6.3 CONCLUSION

Economic development of any country is mainly influenced by the growth of the banking industry of that country. Today, modern banks are very useful for the utilization of the resources of the country. Banks play very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth. In this way they become very effective partners in the process of economic development. The banks are mobilizing the savings of the people for the investment purposes. When the savings are encouraged and saving rate increases. If there would be no banks then a great portion of a capital of the country would remain idle. At present the Indian financial system consists of public, private, cooperative, development and foreign banks. Reserve Bank of India is the central controlling authority of all banks in India. The current study has been conducted to examine the economic sustainability of ICICI bank in India using CAMEL model during the period 2002-11.

The main objectives of this research study is to understand the concept of performance management, appraisal, productivity, employee's behaviour, strategy for improving the productivity and performance, impacts on banking performance and profitability. Further to find out the practices adopted, difficulties faced in implementation of performance management functions, productivity measurement and suggest ways for further improvement in performance and productivity of bank employees.

Management should ensure that important matters having significant bearing on the proper functioning and working of the banks such as mobilization of deposits targets, advance specially priority sector advance, liquid assets, investment, over dues and recoveries etc. It should be reviewed periodically in order to achieve better functioning. The banks should effectively made use the information and computer technology for giving a better service to the customers and to face the threats, pressures and competition of the foreign banks. The grievances of the customers should be solved as early as possible.

Scope for further study

The same tools and techniques may be used to evaluate the financial performance of any industry.