CHAPTER -3

RESEARCH METHODOLOGY
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References:
3.1 **INTRODUCTION**

Banking sector always plays a very important role in the economic life of country. Banking is the pivot of present day business environment, because it is mobilizing the diffused and scattered savings of mass and spread community of the country and direct them into productive purpose of investment and other economic activities. So, banking sector is the backbone of economy.

The finance sector reforms that started in 1991 are now about 24 years old. The impact of liberalization, privatization and globalization (LPG) has affected and changed the functioning style and attitude of Indian banking sector. The government and RBI both have designed and develop this sector as a basic priority and that is why this sector is continuously changing itself according to the need of present time. Today, banking sector is offering number of new services beyond their traditional services.

Indian banking sector is one part of the changing business paradigms across the globe. The sector is passing through from an era of high competition, regulatory changes and slow growth of Indian economy, which has affected it. The sector is hoping for better times after two years of recession. The recent past saw record NPAs and restructuring request. Interest rates and liquidity remained tight. The RBI has extended the timeline for Basel III compliance and after long times, once again, it is in the process to issue new banking licenses to private sector entities. So, competition is going to intensify. Increasing competition is to going to be a problem as well an opportunity also to explore new area and scope of banking services. Customer satisfaction, service innovation as well as technology driven banking would be the focus points.

Overall, in the last decade, banking sector has seen many positive developments. But it will have to strengthen itself considerably in all aspects considering the future competition and need of the time and economy. In such a scenario, study of performance of Indian banking sector as a whole or as a part is an interesting area for the researcher. The present study is an attempt
to study the overall financial performance in the context of capital adequacy, Assets quality, management efficiency, earning and liquidity assessment or measurement for selected unit of public sector banks and private sector banks for a particular period.

3.2 **TITLE OF THE RESEARCH PROBLEM**

Today, Indian banking sector is facing a critical situation to improve their financial performance on one hand and to provide technology enabled rural banking on the other. Asset quality of banking sector is also giving worrisome signal. Hence, the study of financial performance of banking sector is contemporary.

In this context, for this research study, banking sector has been selected at macro level, but at the same time, considering the limitations of time, resources etc. researcher has selected five units (banks) each from public and private sector banks as a case study of the Indian banking sector.

The title of the research problem, selected for this present study is “THE STUDY OF FINANCIAL PERFORMANCE OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS IN INDIA (WITH REFERENCE TO ‘CAMAL’ MODEL): It consist the following area for the purpose of present study:


3.3 **LITERATURE REVIEW**

For the purpose of present study, Researcher has reviewed the following important research studies and publications that carried out either in Indian
context or elsewhere as far as financial performance of banking sector is concerned:

❖ **V.V. Divatia and T.R. Venkatchalam (1978):** In their Article titled, “Operational efficiency and profitability of public sector banks”, studied and analyzed operational efficiency and profitability and suggested to create a composite index. They applied the size of bank as represented by its total deposit as a base for evaluation of its performance. A set of eight indicators is selected which was further classified into indicators of [1] Operational efficiency in the context of productivity [2] Operational efficiency in terms of social objectives and [3] Profitatbility.¹

❖ **R.C. Bhatia (1978):** In his Ph.D. Thesis titled, “Banking structure and performance: A case study of the Indian Banking system 1950-68”, analyzed the profitability of banking system, measured the ratio of profit as a percentage of capital and profit as a percentage of assets. The author of study gave following major conclusions or finding:

[1] During the period 1950 to 1960, profit performance revealed an upward trend

[2] During the period 1950 to 1968, number of bank offices and deposit concentration ratio revealed an insignificant effect on its performance.

[3] During the period under review, there was significant difference in the level of intermediation of different banking sectors in India.


[5] Performance of the Indian banking system can be improved by the suggestion, that the rules of banking should not emphasis on direct regulation of the rate of return as much as the regulation of the asset portfolio of banks.²
Makrand (1979): In his study titled, “Social Priority Index of Public Sector Banks”, studied the performance of Public sector banks. He selected six quantitative indicators for performance index, namely branch expansion, priority sector lending, deposit mobilization, export credit, net profit to working funds and wages and cost of business development. He gave following recommendations:

[1] Counseling and expert opinion to the priority sector lending or diversified activities is needed

[2] The lower level staff should be involved in the activities of priority sector lending

[3] Branch managers should be empowered with necessary lending powers.

Nayan Kamal (1982): In his Ph.D. Thesis titled, “Performance evaluation of commercial banks: Development of an evaluation model” recommended a model of evaluation. The study suggested that the basis of all the important and quantifiable parameters of performance, an integrated performance index needs to be developed, which will act as a model for evaluating the performance of commercial banks.

P.N. Joshi (1986): In his article titled, “Profitability and profit planning in banks” studied the trend of gross and net profit of scheduled commercial banks. He gave following conclusions:

[1] Statutory liquidity ratio, cash reserve ratio and priority sector lending were the reasons for lower capacity for fund management of the banks.

[2] Lowering yield and rising cost rate year by year.

[3] Declining demand for bank funds from the corporate sector had seriously contributed a lot to the reducing or decline trend in profitability.
A.K. Vashist (1987): In his Ph.D. Thesis titled, “Performance appraisal of commercial banks in India”, analyzed the performance of public sector commercial banks considering six key parameters, i.e. Branch expansion, deposits, credit, priority sector advances, DRI advance and net profit. He prepared the composite weighted growth index and applied for ranking the banks. He suggested following suggestions for the performance improvement of banks:

[1] The developing of marketing strategy for deposit mobilization and

[2] Profit planning and strength, weakness, opportunities and threat analysis in commercial banks.6

S. Garg (1989): In his study titled, “Indian banking cost and profitability”, analyzed the main determinants of cost, profit and profitability of banking sector and covered the SBI and its subsidiaries, nationalized banks, private banks and foreign banks. He concluded that the operating income of all bank groups increased at lower rate, as compared to operating expenses, which resulted in a decline in profitability.7

B. Satyanurty (1990): In his article titled, “Bank costs and profitability concepts, Evaluation, Technique and strategies for improvement” studied and identified twenty six ratios grouped into six different groups of performance. Their interrelationship in observation can be interpreted for a systematic measurement of productivity and profitability performance of banks.8

B. Murugesam& K. ChandrashekarRao (1991): In their paper titled, “Social banking and profitability” studied profit, productivity, profitability and social objectives in public sector commercial banks in India and suggested twenty one indicators for evaluation of the performance of commercial banks.9
M. N. Mishra (1992): In his Article titled, “Analysis of profitability of commercial Banks” studied and evaluated the profitability of scheduled commercial banks considering the interest and non interest income and interest expenditure, man power expenses and other expenses. He concluded that the growing pre emption of funds in the form of statutory liquidity Ratio, cash reserve ratio, faster increase of expenses as compared to the income, advances and total investment than interest income and some other factors have contributed to declining profitability of Indian commercial banks.10

A. M. Sadare (1992): In his article titled, “Profitability in banks” studied and evaluated public sector banks, private sector banks and foreign banks for a period of 1985 to 1990. The author has concluded that policy support as well as effectiveness are important factors for improving the profitability of banks.11

Amandeep (1993): In her Article titled, “Profit and profitability in commercial banks” has analyzed the trends in profit and profitability of nationalized banks. She used ratio analysis, Trend analysis, concentration indices of the selected parameters. She also applied multi variate analysis for her study and concluded that to have excellent profitability performance; banks need to have excellence performance in managing burden.”12

Subramanian and Swami (1994): In their paper titled, “Comparative performance of Public sector banks in India” have evaluated and compared the efficiency of 6 public sector banks, 4 private sector and 3 foreign banks for the year 1996-97. Operational efficiency was calculated in aspects of total business and salary expenditure per employee. The study showed that higher per employee salary level need not result in poor efficiency and business per employee efficiency co-efficient was also calculated. It was concluded that among the PSBs, BOB achieved the high efficiency and operating profit per employee. Among the Private Banks, Indusind bank
recorded highest operating profit per employee. Though, among the nationalized banks, there were wide variations in their efficiency performance.\textsuperscript{13}

\begin{itemize}
  \item \textbf{Shanker \& Das (1997)}: In their study, compared the performance of public, private and foreign banks for the year 1994-95. They applied various parameters like profitability, productivity and financial management. They concluded that public sector banks trailing poorly with others.

  \item \textbf{Cole, Rebel A. and Gunther (1998)}: have made a study on “A CAMEL rating’s shelf life” and their findings suggest that, it a bank has not been examined for more than two quarters offsite monitoring systems, usually provide a more accurate indication of survivability than its ‘CAMEL’ rating.

  \item \textbf{V.K. Bhattasana (1999)}: In his Ph.D. Thesis titled, “Appraisal in Financial performance of state bank of India” studied productivity and profitability of SBI. He concluded that adequacy of capital fund, branch expansion in rural area, deposit growth and lesser borrowing from RBI have improved the productivity and profitability of SBI.\textsuperscript{14}

  \item \textbf{Ram Mohan (2000)}: In his study, analyzed the performance of public sector banks with private and foreign banks for a period of 6 years (i.e. 1994-95 to 1999-2000) in the context of profitability and credit efficiency.

  \item \textbf{Dar and Presley (2000)}: have discussed and analyzed the third area of ‘CAMEL’ Model, i.e. management and control of internal governance of banks and financial companies. The Islamic banks and financial companies of Muslim world are taken into consideration. They have found that an absence of correct balance between management and control rights is the major cause of lack of profit and loss sharing in the Islamic finance structures.
\end{itemize}
Lace well, Stephen Kent (2001): This study consists of multiple stages. Stage one in the estimation of cost and alternative profit efficiency score using a national model and a size-specific model. Previous research referred in the paper asserts that an efficiency component should be added to the current CAMEL regulatory rating system to account for the ever-increasing diverse components of modern financial institutions. Stage two is the selection and computation of financial ratios deemed to be highly correlated with each component of the CAMLE rating. The research shows that there is definitely a relationship between bank efficiency scores and financial ratios used to proxy a bank’s CAMEL rating.

ICRA (2003): In its paper titled, “Comparative study on Indian banking” tried to analyze the fast changing environment. The Indian Bank’s Association has entrusted ICRA Advisory services to carry out a detailed study to benchmark the performance of Indian banks Vis-à-Vis selected global banks, along with 03 dimensions – structural factors, operational factors and efficiency factors. 21 Indian banks and 07 international banks had been selected for this study. Various parameters held been used for benchmarking above 03 dimensions. ICRA in its study concluded that the profitability of Indian banks in recent years compares well with that of the international banks, primarily due to higher share of profit on sale of investment, higher leverage and higher net interest margin. Though, many of these reasons of higher profits may not be sustainable in the future. To sustain long term profitability, ICRA Ltd. suggested that Indian banks should spread their loans portfolio across various customer segments. For better loan quality, banks should introduce robust risk measuring techniques. They by upgrading the technology, should reduce their expenses and improve the market risk management. 15

Nathwani Nirmal (2004): In his Ph.D. thesis on, “The study of financial performance of Banking Sector in India” covered 100 banks, concluded that quality of products, services and process will be highly
critical for the success of any business enterprise in new area and only those banks which accept themselves to changes, innovate and introduces new technologies to meet the needs of the customer will succeed.

- **Chowdary, Prasad and Srinivasa Rao, K.S. (2005):** In their paper titled, “Private sector banks in India – A SWOT Analysis” applied SWOT analysis and other necessary statistical techniques to rank 30 private sector banks on the base of financial data gathered for a period from 2002 to 2004.16

- **Chakrabarti, Rajesh (2005):** In his paper titled, “Banking in India – Reforms and Reorganization” tried to assess the position of banking sector during the phase of reforms and reorganization that begun in 1991 and afterwards. The paper concluded that the performance of banks has improved a bit over a time, though public sector banks doing the worst among all banks. The new private sector banks have been the most efficient. However, collapse of global trust bank has raised some concerns regarding regulatory control and its effectivencess.”17

- **Kapil (2005):** examined the relationship between the CAMEL rating and the bank stock performance. The viability of the banks was analyzed on the basis of the Offsite supervisory Exam Model – CAMEL Model. The M for Management was not considered in this paper because all Public Sectors Banks. (PSBs) were government regulated, and also because all other four components – C, A, E, and L – reflect management quality. The remaining four components were analyzed and rated to judge the composite rating.

- **Sarker (2005):** In his study, “CAMEL rating system in the context of Islamic Banking” examined the CAMEL model for regulation and supervision of Islamic banks by the central bank in Bangladesh. With the experience of more than two decades the Islamic banking now covers mover than one third of the private banking system of the
country and no concerted effort has been made to add a Shariah component both in on-site and off-site banking supervision system of the central bank. Rather it is being done on the basis of the secular supervisory and regulatory system as chosen for the traditional banks and financial institutions. To fill the gap, an attempt had been made in this paper to review the CAMEL standard set by the BASEL Committee for off-site supervision of the banking institutions. This study enabled the regulators and supervisors to get a Shariah benchmark to supervise and inspect Islamic banks and Islamic financial institutions from an Islamic perspective. This effort added a new-S' to the CAMEL rating system as Shariah rating and – CAMEL’ has become CAMELS’ rating system.\textsuperscript{18}

\textbullet \hspace{1cm} \textbf{Prakash, A and Ghosh, Saibal (2006):} In their paper titled, “Competition in Indian Banking” tried to verify the accepted perception that since, the inception of the financial sector reforms in 1991-92, the competition in Indian banking sector has increased substantially. The author took the data of scheduled commercial banks for the period of 1996-2004 and tried to evaluate the validity of this perception in the Indian context. Findings of the study reveals that the Indian banking system operates under competitive conditions and earns its revenues as if under monopolistic condition.\textsuperscript{19}

\textbullet \hspace{1cm} \textbf{P. JankiRamadu and S. Durga Dao (2006)} conducted a study on a fundamental analysis of Indian banking industry by analyzing the performance of SBI, ICICI and HDFC.

\textbullet \hspace{1cm} \textbf{B.S. Balla and RichaVerma (2006)} have conducted a research on evaluation of performance of banks through CAMEL model-A case study of SBI and ICICI. They have covered a period of 2000-01 to 2004-05 and found that SBI has an edge over its counterpart ICICI in terms of capital adequacy. However, the vice versa is true regarding asset quality, earning quality and management quality. The liquidity position of both the banks is sound and does not differ significantly.

Dr. Bhayani S.J. (2006): In his Article titled, “performance of the new Indian private sector Banks: A comparative study” tried to analyze the performance of new private sector banks through the help of the ‘CAMEL’ Model. For this study author has taken four leading private sector banks – namely ICICI, HDFC, UTI and IDBI as sample. The author has assigned ranks to all the four banks according to their performance as per different parameters of ‘CAMEL’ rating and then assigned overall ranking. The study concludes that the aggregate performance of IDBI Bank is the best among all the banks, followed by UTI.

Singh, D., Kohil G. (2006): Since 1991 onwards the Indian banking and financial sector underwent a process of liberalization that led to big reforms and changed the Indian banking structure. As a result and sequel to these reforms, new private sector banks came in the sector. Many of these private sector banks brought with them new technologies and introduced product innovation and competition. Though, Indians preferred nationalized banks for their services because the failure of global trust bank made Indian depositors Jittery to raise question regarding the sustainability of private sector banks. This study attempts to undertake SWOT analysis of 20 old and 10 new private sector banks. These banks have also been ranked on the basis of financial data for the years 2003 to 2005. This study has used ‘CAMEL’ model for evaluating and ranking these banks.

Satish, JuturSharath and Surender (2005) adopted CAMEL model to assess the performance of Indian banks. The authors analyzed the performance of 55 banks for the year 2004-05, using this model. They
concluded that the Indian banking system looks sound and Information Technology will help the banking system grow in strength in future. Bank’s Initial Public Offer will be hitting the market to increase their capital and gearing up for the Basel II norms.

- **Vyas, Ramkrishna and Dhade, Aruna (2007):** In their paper titled, “A study on the impact of new private sector banks on State Bank of India”, analyzed the impact of competition on public sector banks from the new banks that established in private sector. It has created an awareness for PSBs to improve their overall performance. This study is primarily focuses on the State Bank of India, as to how much it has been affected by the entry of new private sector banks. The study used various financial ratios and applied the t-test to evaluate the changes in the business of SBI, especially before and after the entry of private sector banks. The study concludes that the entry and presence of new private sector banks does not give any threat to SBI at present, but the same cannot be said for the future period. Factors like, strong network and its presence for a very long period in the nation, have a big impact on the outcome or conclusion of this study.²¹

- **Shingla, Harish Kumar (2008):** In his article titled, “Financial performance of Banks in India” has tried to analyze the role of financial management in growth of banking. The study is related with measuring the profitability of selected 16 banks for a period from 2000-’01 to 2006-’07. The study concluded that the profitability position was reasonable when compared with the previous years. While return on investment showed that the overall profitability and the position of selected banks were sustained at a moderate pace or rate.²²

- **Gunjan M. Sanjeev (2009):** conducted a study on efficiency of Indian Public Sector Banks and found that the efficiency of public sector banks not increased during the period of 2003-07.
R.C. Dangwal and Reetu Kapoor (2010): conducted a study on financial performance of commercial banks. They compared financial performance of 19 commercial banks with respect to eight parameters and they classified the bank as excellent, good, fair and poor categories.

Prof. Dr. Mohi-Ud-Din Sangmi and Dr. Tabassum Nazir (2010): in their paper titled, “Analyzing financial performance of commercial banks in India: Application of CAMEL Model” tried to evaluate the financial performance of two major banks operating in northern India, namely Panjab National Bank and Jammu and Kashmir Bank, for a period for 5 years (2001 to 2005). This evaluation has been made by using CAMEL parameters. They concluded that the position of the banks under study is sound and satisfactory so far as their capital Adequacy, asset quality, management capability and liquidity is concerned.

K.V.N Prasad, G. Ravinder, Dr. D. Maheshwara Reddy (2011): In their paper titled, “A CAMEL Model analysis of public and private sector Banks in India” analyzed the performance of public and private sector banks in India by adopting CAMEL model, which evaluates the performance of banks from each of the important parameter like capital Adequacy, Asset Quality, management efficiency, Earning Quality and Liquidity. They have selected all public sector banks and thirteen private sector banks for their study. They concluded that on average Karur Vysya bank was at the top most position followed by Andhra Bank, Bank of Baroda and also it is observed that Central Bank of India was at the bottom most position. The largest public sector bank in India got 36th position.

Prasad K.V.N. (2012): In his research article titled, “Evaluating performance of Public and Private Sector Banks through CAMEL Model” analyzed the performance of Public & Private sector banks by adopting CAMLE Model. He has selected all public sector banks and
13 private sector banks for his study and concluded that there is no significant difference between performance of public and private sector banks.²⁵

❖ **Rehana Kouser and Irun Saba (2012):** In their paper titled, “Gauging the financial performance of banking sector using CAMEL Model: Comparison of conventional, mixed and pure Islamic banks in Pakistan”, gauged financial performance of banking sector using CAMEL Model, (Comparison of Conventional, mixed and pure Islamic banks in Pakistan). They found that Islamic Banks have adequate capital and have good asset quality when compared to Islamic branches of conventional banks and conventional banks. Moreover, Islamic banks in general have good management competency in comparison to conventional banks. The earnings of Islamic branches of conventional banks are greater than full-fledge Islamic Banks and conventional banks. They concluded that Islamic Banks have a developing set up.²⁶

❖ **K.V.N. Prasad, Dr. D. Maheshwara Reddy (2012) :** In their paper titled, “Evaluating performance of nationalized Banks and SBI group through CAMEL Model” analyzed and measured the performance of nationalized banks, SBI and its associates, applying ‘CAMEL’ Model. The study concluded that there is no significant difference between the performance of nationalized banks and SBI group.²⁷

❖ **Subodh Chandra Garai, Sanjib Chandra Basu and Prabir Ghose:** in their study titled, “Comparative performance of scheduled commercial banks operating in India: An Econometric study”, applied multivariate discriminant analysis technique for differentiating bank group operating in India. Authors used the data of financial ratios, published by RBI in regards of individual banks for a period of 3 years (i.e. 1995-96 to 1997-98). The study concluded that in general, public sector banks were trailing private sector banks and majority
foreign banks were able to make higher score compared to other banks in their group.

- **B. N. Anantha Swamy in his article titled,** “New Competition, deregulation and emerging changes in Indian banking” made an analysis of the comparative performance of different bank groups for a period of 5 years from 1995-96 to 1999-2000.

- **S. Singh in his paper titled,**” Profitability of commercial Banks in India” has calculated several factors, that have been creating stress for the banking system. He concluded that these factors were a continuous increase in CRR, SLR, constant branch expansion in rural areas, emphasis an social goals, rising incidence of industrial sickness etc.

- **Ms. Swati Doshi in her Ph.D. Thesis, titled,** “Comparative Analysis of Financial efficiency of the selected banks under the study”, analyzed the financial efficiency in the context of factors like profitability, financial strength and operational efficiency in selected public sector banks, Urban Scheduled Co-Operative banks in Gujarat, in private sector banks and in foreign banks.

According to Researcher, the study of Financial performance of selected public and private sector banks in India with reference to ‘CAMEL’ model, either is not covered or if it is covered, the period of study has been of a particular year or till the year 2010, But the five years study from the year 2007-08 to 2011-12 for public and private sector banks has not found so far. Hence, Researcher has decided to focus on the latest development and performance till the year 2011-12 and bridge the gap in existing literature.
3.4 **OBJECTIVES OF THE STUDY**

Main objectives of the study are as under:

1. To understand and identify the current major trends in the banking operation.
2. To evaluate and analyze the structure of Banks.
3. To examine the financial performance of the selected banks from the viewpoint of ‘CAMEL’ Model
4. To make suggestions for the better performance of selected banks.

3.5 **SOURCES OF THE DATA**

The data collection is very important task. The present study is based on secondary data. The data for sample banks has been collected from the RBI Website and annual reports of various banks. To supplement the data, banking Journals, Publications, IBA Bulletin, Periodicals, various books, RBI Publication etc. have also been used. Data has also been searched out from the various related websites also. Moreover, the news papers, accounting literature and surveys have also been referred.

3.6 **PERIOD OF THE STUDY**

The present Research study has covered the data of last five years. The study period is 5 years, starting from the year 2007-08 to 2011-12.

3.7 **SAMPLE OF THE STUDY**

The present study is based on secondary data. The researcher, with the help of random sampling method has selected 5 public sector banks and 5 private sector banks listed on Indian stock exchanges. The selected units are as under.

[A] **Five banks from Public Sector Banks are as under:**

1. State Bank of India
2. Punjab National Bank
[3] Bank of Baroda
[4] Bank of India
[5] Union Bank of India

[B] Five banks from Private Sector Banks are as under:
[1] ICICI Bank Ltd.
[5] Indusind Bank Ltd.

3.8 SCOPE OF THE STUDY

The study is based on census of public and private sector banks in India for the period of five years from 2007-08 to 2011-12. Though, researcher has selected 5 public sector banks and 5 private sector banks for this present study. Total 10 banks are covered for the study. The study is limited for only financial performance covering various ratios. The tool for appraisal of financial performance is ratio analysis. So, scope of the present research study is very wide.

3.9 TOOLS AND TECHNIQUES

For the present study, various tools or techniques for analyzing the financial data have been used. These can be classified as under:

[A] Accounting Tools/Techniques

[B] Statistical Tools / Techniques

[A] Accounting Tools/Techniques:

The Accounting Tools that are used (according to the need of the study) for the study & analysis of financial performance of various banks are as under:
[1] Ratio Analysis

[2] Trend Analysis

[B] Statistical Tools / Techniques:

Some statistical tools/techniques have been used according to the nature and demand of the study. The collected data is duly classified, tabulated and analyzed by applying relevant statistical techniques. The researcher has used the appropriate parametric and non-parametric tests. The data has been analyzed with the help of various tools & techniques like average, index numbers, regression analysis, diagrammatic and graphic presentation, F-test (ANOVA) etc. according to the need of the study and hypothesis have been tested at 5% level of significance.

3.10 HYPOTHESIS OF THE STUDY

For the present study, the broader hypothesis is as under:

[A] There is no significant difference in capital adequacy trends (Ratios) in selected public sector and private sector banks.

[B] There is no significant difference in Asset Quality trends (Ratios) in selected public sector banks and private sector banks.

[C] There is no significant difference in management efficiency trends (Ratios) in selected public sector banks and private sector banks.

[D] There is no significant difference in earning (Profitability) trends (Ratios) in selected public sector banks and private sector banks.

[E] There is no significant difference in liquidity trends (ratios) in selected public sector banks and private sector banks.

3.11 SIGNIFICANCE OF THE STUDY

Banking sector is very important for any economy. Public and private sector banks are working to gather but with cutthroat competition with each other. Public sector banks are also using core banking solution and provides other
technology enabled services to match with their counterpart private sector banks. Once again RBI is in the process to issue new banking licenses to new entitle in the banking sector. So, competition is going to intensify in near future.

So, the present study is an attempt to evaluate performance of Indian banking sector. This study gives an idea about ups and downs of financial performance of selected public and private sector banks. Their financial performance appraisal gives a direction to other banking institutions also. In nut shell, this study throws a light on financial environment of public and private sector banking in India.

3.12 OUTLINE OF THE CHAPTER PLAN

The chapterisation of the research study is based on its objectives. The entire research report has been prepared and presented in the following six chapters.

- **Chapter-One: Indian Banking Industry: An Overview**

  The First Chapter presents an overview of Indian Banking Industry, which covers:introduction- the word ‘BANK’ origin- meaning of bank-definition of bank- history of banking in India- challenges of Indian banking sector- problem and prospect of banking sector in India- financial performance of banks (group wise)- conclusion

- **Chapter-Two : Performance Appraisal and ‘CAMEL’ Model, A conceptual Frame Work**

  The Second Chapter gives the conceptual frame work of performance appraisal and ‘CAMEL’ Model that includes- meaning and concept of performance-meaning of financial performance-how to measure performance: concept of measurement- areas of performance-meaning and concept of appraisal- the concept of performance appraisal - concept of financial appraisal- importance (significance) of performance appraisal-performance appraisal appraisal: usefulness in management functions-
objectives of performance appraisal- ratio analysis as a tool/technique for performance appraisal or financial performance analysis- “CAMEL MODEL” conceptual framework.

■ Chapter-Three: Research Methodology

The third chapter focuses on the Research Methodology that includes- Introduction – Title of the Research Problem – Literature Review – Objectives of study – Sources of the Data-Period of the study – Sample of the study – Scope of the study – Tools and Techniques – Hypotheses of the study – Significance of the study – Outline of the chapter plan – Limitations of the study.

■ Chapter-Four: Profiles of sampled Banks

The Fourth Chapter covers profiles of selected five public sector banks and five private sector banks in India.

■ Chapter-Five: Analysis of Data and Interpretation

The Fifth Chapter contains data analysis and interpretation of selected Public and Private sector banks in India.

■ Chapter-Six: Summary, Findings, Suggestions and Conclusions

The Sixth & Last Chapter describes or represents the summary, findings, suggestions and conclusions

3.13 LIMITATIONS OF THE STUDY

No study can be free from limitations. The limitations of the present study are as under:

[A] The study is based on secondary data. The data is collected from annual reports, Journals, Magazines and Websites. So, limitations of Secondary data remain with it and also apply to this study.
In this study, certain accounting & statistical tools are used e.g. Ratios etc. It has its own limitations that also apply to this research work.

The present study has covered five public and private sector banks. So any generalization for universal application is very difficult and cannot be applied, because results of this study are confined and limited to the selected banks.

The study is limited for a period of five years (2007-08 to 2011-12) only. So, the finding, trend and conclusion have drawn with the help of this five years data only.
References:


