ABSTRACT OF THE Ph.D. THESIS

ENTITLED

“A Financial Analysis of Working of Private Sector Banks in Iran & India.” (With Special Reference to Study of Selected Banks in Tehran & Pune Cities)

Submitted to the
University of Pune
In Faculty of Commerce (Banking and Finance)

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July, 2011
ABSTRACT:
Private Sector banks are providing good services to customers and most of them using modern technology for maintaining high quality of services. So in this study, Financial Analysis of Private Sector banks working in Iran and India with Special reference to Tehran and Pune City is evaluated. There are three main hypotheses: (i) Private sector banks working in Iran and India provide good banking services. (ii) Financial position of private banks working in Iran and India is sound. (iii) Efficiency and performance of private banks working in Iran and Indian is sound.

The main data collection instrument for first hypothesis is questionnaire. The questionnaire consisted of twenty questions for private banks customers working in India and Iran, which were carefully designed to collect relevant data. So, the researcher distributed questionnaires between 250 Iranian private banks customers and 250 Indian private banks customer. During the questionnaire launching, 134 questionnaires were completed and returned for Iran and 117 questionnaires were completed and returned for India.

For the second main hypothesis the researcher created 4 sub hypotheses and collected information about 4 selected financial ratios (capital adequacy ratio, debt to equity ratio, debt to equity capital ratio and equity capital to total assets ratio) from annual reports and compared with word bank index. For the third main hypothesis the researcher created 4 sub hypotheses and collected information about 4 selected financial ratios (return on assets, return on equity capital, net spread and net interest margin) from annual reports and compared with word bank index. The researcher has selected 5 private banks for Iran and 5 private banks for India and studied a period of 7 years: from 2003-2004 to
2009-2010. The researcher used average statistic for all hypotheses test. The results of empirical tests are consistent with these hypotheses.

1) INTRODUCTION:
The financial structure of each country is based on two axes including money market and fund market. Money markets appear in bank activities and credit instructions. Fund market manifests in stock market. In developing countries, fund market is mostly in the center of financial structure. Also, financial system which is based on shares is dominated on market. In such this system, the banks act like comprehensive organizations; moreover, the companies are largely depended on bank system for supplying their own financial needs. Therefore, the banks present various kinds of short-term and long-term loans to their own costumers. Furthermore, bank services represent in commercial, investing, and professional banking to public.

2) STATEMENT OF THE PROBLEM:
The most important input for financial decision is accounting and economic information. The statement is essential for every successful firm to collect and acquire the process and evaluate the quality of financial information. The statement is often believed that the out come of a financial decision is the result of the quality of financial information. Private Sector banks are providing good services to customers and most of them using modern technology for maintaining high quality of services. Hence the researcher has selected this issue to discuss and the title of the present study is “Financial Analysis of Private Sector banks working in Iran and India with Special reference to Tehran and Pune City”
3) OBJECTIVES:
1) To study the structure and regulations of banking system of Iran and India.
2) To study the working of private sectors banks of Iran and India.
3) To study the services provided by private banks of Iran and India.
4) To study the financial position of Iranian and Indian private banks.
5) To study the relationship between banking services and customer satisfaction.
6) To study the efficiency and financial performance at private banks of the two countries.
7) To study the organization and management of private banks.
8) To understand the private sector banks position in money market of two countries.
9) To compare financial ratios of private banks and word bank index.

4) HYPOTHESES:
1) Private sector banks working in Iran and India provide good banking services.
2) Financial position of private banks working in Iran and India is sound.
   2.1) capital adequacy ratio of private banks working in Iran and India is better than World Bank index.
   2.2) debt to equity ratio of private banks working in Iran and India is better than World Bank index.
   2.3) debt to equity capital of private banks working in Iran and India is better than World Bank index.
   2.4) equity capital to total assets of private banks working in Iran and India is better than World Bank index.
3) Efficiency and performance of private banks working in Iran and India is sound.
3.1) return on assets of private banks working in Iran and India is better than World Bank index.

3.2) return on equity capital of private banks working in Iran and India is better than World Bank index.

3.3) net spread of private banks working in Iran and India is better than World Bank index.

3.4) net interest margin of private banks working in Iran and India is better than World Bank index.

5) RESEARCH METHODOLOGY:

(I) SAMPLE:
This study is primarily based on the data area of which is confined to the whole jurisdiction of two countries private banks. 6 Private Banks are working in Iran and 35 private banks are working in Indian money market. The researcher has selected 5 private banks in Iran (Eghtesad-e novin bank, Karafarin bank, Saman bank, Parsian bank and Pasargad bank) and 5 private banks in India (Axis bank, Federal bank, Icici bank, Hdfc bank and Idbi bank) for the purpose of collection of primary data because of operational convenience and from the point of time and cost factor.

After tested sub hypotheses in private banks and compared with world bank index, the researcher, for authenticate to the hypotheses test, selected all 6 public banks working in "A" group from Mumbai stock exchange and also all 6 public banks working in Iran and compared financial ratios of private banks working in India with all 6 public banks in India and financial ratios of private banks working in Iran with all 6 public banks in Iran.
Table 1: sample descriptive for hypotheses test.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>all hypotheses test in Iran</td>
<td>5 private banks (Eghtesad-e novin bank, Karafarin bank, Saman bank, Parsian bank and Pasargad bank)</td>
</tr>
<tr>
<td>all hypotheses test in India</td>
<td>5 private banks(Axis bank, Federal bank, ICICI bank, HDFC bank and IDBI bank)</td>
</tr>
</tbody>
</table>

Table 2: selected sample descriptive from public banks for authenticate to the sub hypotheses test in private banks.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>all sub hypotheses test in Iran</td>
<td>6 public banks (tejarat bank, mellat bank, saderat bank, sepah bank, refah bank, melli bank)</td>
</tr>
<tr>
<td>all sub hypotheses test in India</td>
<td>6 public banks(corporation bank, bank of india, union bank, uco bank, syndicate bank, andhra bank)</td>
</tr>
</tbody>
</table>

The researcher has selected a period of 7 years: from 2002-2003 to 2009-2010.

(II) VARIABLE DEFINATION:

1) Return on assets: This ratio is considered by many to be the best single ratio for evaluating the performance of management. This ratio relates operating profits to total resources under management. This ratio is most
important measure of bank profitability. This ratio measures the net income generated from the employment of the total assets of the bank.

Return on assets (%) = \frac{\text{net income after tax}}{\text{Average total assets}} \times 100

2) Return on equity: This ratio measures the return on shareholders equity. This ratio measures the rate of return to investors and the potential for internal capital formation. This ratio represents basic measurements of the bank’s ability to generate the equity needed to support growth and fend off economic adversity.

Return on equity (%) = \frac{\text{net income after tax}}{\text{average equity capital}} \times 100

3) Net Spread: This ratio covers only those assets and liabilities that have an interest rate attached to them. Thus, it excludes the impact of non-interest bearing demand deposits, capital, and non-remunerated reserve requirements on net interest earned and thus on bank profits. This is helpful in that it isolates the effect of interest rates on bank profits and thereby enables a better understanding of the sources of bank profitability and consequently of vulnerability of bank earnings.

Net Spread (%) = \left( \frac{\text{Interest earned}}{\text{Loans}} \times 100 \right) - \left( \frac{\text{Interest paid}}{\text{Interest bearing deposits}} \times 100 \right)

4) Net Interest Margin: This ratio identifies the core earnings capacity of the bank – its interest differential income as a percentage of average total assets. The principal source of most banks ‘earning is interest differential income, defined as interest income less interest expense. Interest differential income
usually accounts for at least 70 percent of a bank’s income. The net interest margin is driven by the composition of the balance sheet and by the interest rates applicable to the individual asset and liability accounts.

\[
\text{Net Interest Margin (\%)} = \frac{(\text{Interest income} - \text{Interest expense})}{\text{Average total assets}} \times 100
\]

5) **Capital Adequacy ratio:** this ratio expresses the “real” capital as a percentage or total risk weighted assets. Both capital and assets should be fairly stated with the appropriate loan loss provisions and intangibles’ having been deducted. This ratio indicates the margin of protection available to both depositors and creditors against unanticipated losses that may be experienced by the bank. Thus it indicates the bank’s resilience to economic difficulties. This ratio is viewed by bank regulators and credit analysts as one of the key indicators of a bank’s financial condition.

\[
\text{Capital Adequacy ratio} = \frac{\text{Risk-weighted Assets}}{\text{Adjusted Capital}} \times 100
\]

6) **Debt-Equity Ratio (D/E ratio):** the relationship between borrowed funds and owner’s capital is a popular measure of the long-term financial solvency of a firm. This relationship is shown by the debt-equity ratio. This ratio reflects the relative claims of creditors and shareholders against the assets of the firm. It is the ratio of the amount invested by outsiders to the amount invested by the owners of business.

\[
\text{Debt-Equity Ratio (D/E ratio)} = \frac{\text{Total debt}}{\text{Shareholders’ equity}}
\]
7) **Debt to Total Assets Ratio:** The total debt of the firm comprises long-term debt plus current liabilities. The total assets consist of permanent capital plus current liabilities. Thus:

\[
\text{Debt to Total Assets Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}
\]

8) **Proprietary Ratio:** Indicates the extent to which assets are financed by owners' funds. This ratio is to relate the owner’s / proprietor’s funds with total assets. The ratio indicates the proportion of total assets financed by owners.

\[
\text{Proprietary Ratio} = \frac{\text{Proprietor’s Equity}}{\text{Total Assets}}
\]

(III) **COLLECTION OF DATA:**

1) **Primary source:**

- **Interview.**

- **Questionnaires:** The main data collection instrument for first hypothesis is questionnaire. The questionnaire consisted of twenty questions for private banks customers working in India and Iran, which were carefully designed to collect relevant data. So, the researcher distributed questionnaires between 250 Iranian private banks customers and 250 Indian private banks customer. During the questionnaire launching, 134 questionnaires were completed and returned for Iran and 117 questionnaires were completed and returned for India.

2) **Secondary source:**

1. Financial and economic publications.
2. Economic data based.
3. Newspapers and journals.
4. Internet.
5. World Bank based.
(IV) DESCRIPTIVE STATISTICS:
. To test the first hypothesis of this research, we used average method, chi-square and t-test at confidence level of 95%.

. To test the second hypothesis of this research, we used one sample t-test at confidence level of 95%. We analyzed sub hypotheses by SPSS software.

. To test the third hypothesis of this research, we used one sample t-test at confidence level of 95%. We analyzed sub hypotheses by SPSS software.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Used statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>First hypothesis</td>
<td>average method, chi-square and t-test</td>
</tr>
<tr>
<td>Second hypothesis</td>
<td>one sample t-test</td>
</tr>
<tr>
<td>Third hypothesis</td>
<td>one sample t-test</td>
</tr>
</tbody>
</table>

Table 3: Descriptive statistics.

V) LIMITATIONS OF THE STUDY:

1) The study period is only 7 years and it is not suitable for generalization of statement.

2) Sample banking will be select from Tehran and Pune City, for generalizing statement study area is limited.

3) The findings are based on the ability of response given by the respondent by was of questionnaires.
VI) CHAPTER SCHEME OF THE STUDY:

Chapter 1: Introduction and history of banking
This chapter presents an introduction of this study; explain the development of banking in the World and in India and Iran; explain the importance and private banks and banking.

Chapter 2: Research Methodology
This chapter describes the approaches that are used in this study in order to the hypotheses testing of the problem under the study and provides the reader with a basis for evaluating the validity of findings, an understanding of the basis for choices that were made, so a short review is given to explain the problem under study, the objectives, hypotheses and their methodologies developed for them, are to be presented, the methodology and data instruments including collection of data and analysis of data are to be explained and at the end of this chapter the limitations of research have been expressed.

Chapter 3: Research Literature
This chapter presents an overview of the literature that related to the topic under investigation. This chapter consists of two main sections; the first section discusses the conceptual theoretical framework of banking like; meanings of banks, the role of banks, objective of banks, the bank's financial statements, analysis of financial statements and bank audit…. The second section covers the previous research studies related to the topic.

Chapter 4: Profile of selected banks
In this chapter the researcher explains various aspects concerning the organizing, developing and growth of banks in Iran and India like; banks in
Iran and India, reserve bank of Iran and India, money market of Iran and India and profile of selected private banks in Iran and India.

**Chapter 5: Data Analysis and hypotheses**

In this chapter on the basis of numerous collected data, various tables and charts have been presented and hypotheses on the basis of statistical methods have been tested and reported.

**Chapter 6: Findings and Suggestions**

In this chapter, the findings and necessary suggestions on the basis of findings have been presented.

**6) EMPIRICAL RESULTS:**

**6.1) RESULTS OF THE FIRST MAIN HYPOTHESIS IN IRAN:**

H0) Private sector banks working in Iran do not provide good banking services.

H1) Private sector banks working in Iran provide good banking services.

Chi-square concerning the test of first hypothesis is equal to 828.780 (Table 4). By comparing this value with the table value with degree of freedom 4, we accept H1 and reject H0. The average of the questions measuring this hypothesis is 3.8 with 253.960 Std. Deviation. Thus, we could conclude that our respondents on average believe that Private sector banks working in Iran provide good banking services (accepted H1).
Table 4: Results of the first hypothesis in Iran.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Average</th>
<th>Chi-square</th>
<th>t-test</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>First hypothesis</td>
<td>3.8</td>
<td>828.780</td>
<td>14.02</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

6.2) RESULTS OF THE FIRST MAIN HYPOTHESIS IN INDIA:

**H0)** Private sector banks working in India do not provide good banking services.

**H1)** Private sector banks working in India provide good banking services.

Chi-square concerning the test of first hypothesis is equal to 962.577 (Table 5). By comparing this value with the table value with degree of freedom 4, we accept $H1$ and reject $H0$. The average of the questions measuring this hypothesis is 3.7 with 246.92660 Std. Deviation. Thus, we could conclude that our respondents on average believe that Private sector banks working in India provide good banking services (accepted H1).

Table 5: Results of the first hypothesis in India.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Average</th>
<th>Chi-square</th>
<th>t-test</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>First hypothesis</td>
<td>3.7</td>
<td>962.577</td>
<td>13.82</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
6.3) RESULTS OF THE SECOND MAIN HYPOTHESIS IN IRAN AND INDIA:

**H0)** Financial position of private banks working in Iran and India is not sound.

**H1)** Financial position of private banks working in Iran and India is sound.

For the second main hypothesis the researcher created 4 sub hypotheses and tested them. To analyze of the results of 4 sub hypotheses, we could conclude that financial position of private banks working in Iran and India is suitable (accepted H1).

<table>
<thead>
<tr>
<th>Sub hypotheses</th>
<th>Results of Sub Hypotheses In Iran</th>
<th>Results of Sub Hypotheses In India</th>
<th>Conclusion of second main hypothesis In Iran and India</th>
</tr>
</thead>
<tbody>
<tr>
<td>First sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>Second sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Third sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Fourth sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td></td>
</tr>
</tbody>
</table>

6.4) RESULTS OF THE THIRD MAIN HYPOTHESIS IN IRAN AND INDIA:

**H0)** Efficiency and performance of private banks working in Iran and India is not sound.

**H1)** Efficiency and performance of private banks working in Iran and India is sound.
For the third main hypothesis the researcher created 4 sub hypotheses and tested them. To analyze of the results of 4 sub hypotheses, we could conclude that Efficiency and performance of private banks working in Iran and India is suitable (accept H1).

**Table 7: Results of the third main hypothesis in Iran and India**

<table>
<thead>
<tr>
<th>Sub hypotheses</th>
<th>Results of Sub Hypotheses In Iran</th>
<th>Results of Sub Hypotheses In India</th>
<th>Conclusion of third main hypothesis In Iran and India</th>
</tr>
</thead>
<tbody>
<tr>
<td>First sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td>Accepted</td>
</tr>
<tr>
<td>Second sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Third sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>Fourth sub hypothesis</td>
<td>Accepted</td>
<td>Accepted</td>
<td></td>
</tr>
</tbody>
</table>

6.5) RESULTS OF COMPARE OF THE ALL SUB HYPOTHESES IN PRIVATE BANKS AND PUBLIC BANKS:

After tested sub hypotheses in private banks, the researcher, for authenticate to the hypotheses test, selected all 6 public banks working in "A" group from Mumbai stock exchange and also all 6 public banks working in Iran and compared financial ratios of private banks working in India with all 6 public banks in India and financial ratios of private banks working in Iran with all 6 public banks in Iran. The results obtained from the subsidiary hypotheses test signifies that all financial ratios of private banks working in Iran and India are better than public banks working in Iran and India.
7) FINDINGS:

I. The result of testing the first main hypothesis in Iran shows that the calculated chi-square (828.780) is greater than the table value and the calculated average of the questions (3.8) is greater than the average number of the five choices in each question (3) and The result of testing the first main hypothesis in India shows that the calculated chi-square (962.577) is greater than the table value and the calculated average of the questions (3.7) is greater than the average number of the five choices in each question (3) So from these tests, the researcher infers that:

i) Private sector banks working in Iran and India provide good banking services through pay attention by the bank staff to the ethics of their bank including an appropriate literary expression, physical motion and appropriate appearance (such as having a good deal and equal respect with the customers, sitting properly in a good location, using uniforms with attractive appearance.

ii) Private sector banks working in Iran and India provide good banking services through giving services in the definite time.

iii) Private sector banks working in Iran and India provide good banking services through expressing clear statement to satisfying the customers in their working places by the bank staff.

iv) Private sector banks working in Iran and India provide good banking services through enjoying proper decoration and a suitable design.

v) Private sector banks working in Iran and India provide good banking services through speeding in bank services.
vi) Private sector banks working in Iran and India provide good banking services through providing catalog, brochures, and free services, sending e-mail and SMS and the other trainings to introduce different bank services.

vii) Private sector banks working in Iran and India provide good banking services through providing system of banking services enjoy a high level of security concerning the personal information of customers.

viii) Private sector banks working in Iran and India provide good banking services through providing website and electronic bank services.

ix) Private sector banks working in Iran and India provide good banking services through providing the queue machines effective.

x) Private sector banks working in Iran and India provide good banking services through providing of easy shopping through the automatic system of the banks in the stores and the accessibility of electronic services in the exchanges through telephone, internet, etc.

xi) Private sector banks working in Iran and India provide good banking services through providing of suitable number of bank branches and ATM mashing.

xii) Private sector banks working in Iran and India provide good banking services through providing the inventory and billing system through bank phone system.

xiii) Private sector banks working in Iran and India provide good banking services through easy to open a currency account and access a fast and easy transference of money to foreign banks.
iz) Private sector banks working in Iran and India provide good banking services through giving special services to the special customers.

zi) Private sector banks working in Iran and India provide good banking services through providing of the system encourages to customers.

zii) Private sector banks working in Iran and India provide good banking services through providing of insurance services, leasing services.

ziii) Private sector banks working in Iran and India provide good banking services through considering the complaints and the criticism of customers and use the auditor’s inspector’s comments.

ik) Private sector banks working in Iran and India provide good banking services through providing the integrated bank system.

**II.** For the second main hypothesis the researcher created 4 sub hypotheses and tested them. To analyze of the results of 4 sub hypotheses, we could conclude that financial position of private banks working in Iran and India is sound. So from these tests, the researcher infers that:

i) Financial position of private banks working in Iran is sound.

ii) Financial position of private banks working in India is sound.

**III.** The result of testing the first sub hypothesis shows that capital adequacy ratio of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 90 for Iranian private banks and table No. 91 for Indian private banks):

i) Capital adequacy ratio of private banks working in Iran (13.7%) is better than World Bank index (8%).
ii) Capital adequacy ratio of private banks working in India (13.3%) is better than World Bank index (8%).

**IV.** The result of testing the second sub hypothesis shows that debt to equity ratio of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 92 for Iranian private banks and table No. 93 for Indian private banks):

i) Debt to equity ratio of private banks working in Iran (12.8%) is better than World Bank index (12.5%).

ii) Debt to equity ratio of private banks working in India (12.9%) is better than World Bank index (12.5%).

**V.** The result of testing the third sub hypothesis shows that debt to total assets of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 94 for Iranian private banks and table No. 95 for Indian private banks):

i) Debt to total assets of private banks working in Iran (93.2%) is better than World Bank index (92.6%).

ii) Debt to total assets of private banks working in India (94.3%) is better than World Bank index (92.6%).

**VI.** The result of testing the fourth sub hypothesis shows that Proprietary Ratio (equity capital to total assets) of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 96 for Iranian private banks and table No. 97 for Indian private banks):
i) Proprietary Ratio (equity capital to total assets) of private banks working in Iran (9.9%) is better than World Bank index (7.4%).

ii) Proprietary Ratio (equity capital to total assets) of private banks working in India (7.9%) is better than World Bank index (7.4%).

**VII.** For the third main hypothesis the researcher created 4 sub hypotheses and tested them. To analyze the results of 4 sub hypotheses, we could conclude that Efficiency and performance of private banks working in Iran and India is sound. So from these tests, the researcher infers that:

i) Efficiency and performance of private banks working in Iran is sound.

ii) Efficiency and performance of private banks working in India is sound.

**VIII.** The result of testing the first sub hypothesis shows that return on assets of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 99 for Iranian private banks and table No. 100 for Indian private banks):

i) Return on assets of private banks working in Iran (3.4%) is better than World Bank index (1%).

ii) Return on assets of private banks working in India (1.1%) is better than World Bank index (1%).

**IX.** The result of testing the second sub hypothesis shows that return on equity capital of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 101 for Iranian private banks and table No. 102 for Indian private banks):

i) Return on equity capital of private banks working in Iran (40.1%) is better than World Bank index (15%).
ii) Return on equity capital of private banks working in India (17.2%) is better than World Bank index (15%).

X. The result of testing the third sub hypothesis shows that net spread of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 103 for Iranian private banks and table No. 104 for Indian private banks):

i) Net spread of private banks working in Iran (7.2%) is better than World Bank index (1.25%).

ii) Net spread of private banks working in India (6.3%) is better than World Bank index (1.25%).

XI. The result of testing the fourth sub hypothesis shows that net interest margin of private banks working in Iran and India is better than World Bank index. So from these tests, the researcher infers that (table No. 105 for Iranian private banks and table No. 106 for Indian private banks):

i) Net interest margin of private banks working in Iran (5.6%) is better than World Bank index (4.5%).

ii) Net interest margin of private banks working in India (4.7%) is better than World Bank index (4.5%).

IX. After tested sub hypotheses in private banks, the researcher, for authenticate to the hypotheses test, selected all 6 public banks working in "A" group from Mumbai stock exchange and also all 6 public banks working in Iran and compared financial ratios of private banks working in India with all 6 public banks in India and financial ratios of private banks working in Iran with all 6 public banks in Iran. The results obtained from the subsidiary hypotheses
test signifies that all financial ratios of private banks working in Iran and India are better than public banks working in Iran and India.

XII. The results of related research to banks ATM, bank's branches, total assets, net profit, deposits and etc shows that all items in private banks in Iran and India has increased from 2004 to 2010.

8) CONCLUSIONS:

The results achieved from the first hypothesis test which presented briefly in the chapter five depict that Private sector banks working in Iran and India provide good banking services. The results obtained from the second hypothesis test and the subsidiary hypotheses which are briefly presented in the chapter five signifies that financial position of private banks working in Iran and India is suitable. The results obtained from the third hypothesis test and the subsidiary hypotheses which are briefly presented in the chapter five signify that Efficiency and performance of private banks working in Iran and India is suitable.

9) SUGGESTIONS:

The researcher suggests the following:

1. Management should pays utmost attention to the customers satisfaction and for this purpose, it should provide good banking services through giving services in the definite time, speeding in bank services, providing catalog and brochures and etc, providing of suitable number of ATM mashing, providing of the system encourages to customers, providing of insurance services, providing the integrated bank system, expressing clear statement to satisfying the customers in their working places by the bank staff, enjoying proper
decoration and a suitable design, providing website and electronic bank services, providing the queue machines effective, providing the inventory and billing system through bank phone system and etc.

2. Managers and investors should utilize financial ratios for predicting the position, Efficiency and performance of the banks.

3. Management should improve its knowledge about new banking products.

4. Bank staff should pay attention to the ethics of their bank including an appropriate literary expression, physical motion and appropriate appearance.

5. Management should utilize the utmost benefit of related knowledge based on management systems like CRM and etc.

6. Management should evaluate the position, Efficiency and performance of the bank by comparing of financial ratios of bank with word bank index and should help out to the better condition of bank by proper decision making and planning.

10) RECOMMENDATIONS:

The recommendations are as follow:

1. For the fiscal period of study is 7 years from 2004 to 2010. Suggest this is the next financial period and for more to be done in Iran and India.

2. In this study only the performance of private banks in Iran and India have been studied. Recommended performance of private banks in Iran and India with the performance of state banks and other banks to compare and analyze.

3. In this study only the performances of private banks in India "A" are in enough has been studied. Future research is recommended in the performance
of other private banks in India are enough other groups studied, and are analyzed.


5. Review and analyze the relationship between financial ratios and stock returns accepted Indian private banks in Bombay Stock Exchange.

6. To identify and measure than the fundamental economic and financial variables affecting the health and stability of private banks in Iran.

7. To identify and measure than the fundamental economic and financial variables affecting the health and stability of private banks in India.

8. To identify needs and factors affecting levels of customer satisfaction and structural reforms needed in the Iranian private banks.

9. To identify needs and factors affecting levels of customer satisfaction and structural reforms needed in the Indian private banks.

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