

'Performance Study of Selected Public and Private banks in India'

Name of the thesis : 'Performance Study of Selected Public and Private banks in India'

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Abstract :

The Basic objective of the study is to measure performance of PSBs against Private Banks (including the foreign banks) and see how for these banks compete under competition. The study is of great significance as it is a comprehensive study done covering all the factors such as - Productivity, Efficiency, Profitability, structural soundness, Asset quality, management factors ,earning factors, liquidity, growth, and other social factors such as Financial Inclusion and reach to rural masses, providing employment, lending to priority sector . The study uses 32 simple ratios which can be easily understood by everyone and covers four major groups of scheduled commercial banks namely SBI and associates (1+7), Nationalized Banks (20), Private Banks (21 + 8) and Foreign Banks (31). The scope does not cover regional banks. RBI data base is used for the years 2000 to 2005

The study uses the model suggested by Stefan S to structure the design- with three core layers- Productivity as the innermost layer, Profitability as the middle layer and other performance factors as the top layer. Performance is an umbrella term of excellence and includes profitability and productivity as well as other non-cost factors.

The basic conclusion of the study is that in the area of productivity, on certain parameters of Efficiency, Asset Quality, Cost of Deposit and ROI the private banks do better than the PSBs. However, on factors such as contribution to national exchequer, development of Indian Economy in areas such as employment generation, financial inclusion and reach to rural areas, Growth of assets, Absolute profit, asset utilization - PSBs do better than the Private Banks.

It is noteworthy to mention that in spite of the government pressure for social and rural development, loan waiver, and other challenges the PSBs faces including the flexibility of recruiting young and dynamic work force, (which the private sector enjoys) and in allocation of credit and credit policy, it is really admirable that our PSBs compete and improved their performance in the past 5 years.