

A STUDY ON THE COMPARATIVE ANALYSIS OF STATE BANK OF INDIA AND INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA AT CHENNAI

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ABSTRACT

Banking sector plays an important role in the economic development of the country. Growth of banking sector is measured by the increase in a number of banks branches, deposits, credits, etc. State Bank of India and ICICI banks are the two largest banks in India in public and private sector bank. The purpose of the study is to examine the financial evaluation of SBI and ICICI respectively. The research is descriptive and analytical in nature. The data used for the study is entirely secondary in nature. The present study is to compare the financial effectiveness of SBI and ICICI bank on the basis of ratios such as operating profit, debt-equity ratio and net profit ratio. The period of study is taken from the year 2012-2013 to 2016-2017. The study found that SBI is performing well and financially sound than ICICI bank but in the context of deposits and expenditure, ICICI bank has better managing efficiency than SBI.

KEYWORDS: *Economic Development of the Country, Deposits and Expenditure*

Article History

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INTRODUCTION

Finance is the lifeblood of any business it may be profit earning institution or service institution the main aim is to earn profit to enhance their sector and for future scope of growth. if we take the Indian banking sector it is playing vital role in economic development of our country as there are both public sector banks and private sector banks it is now necessary to compare both financial performance as the banking sector has been strongly influenced by globalization, privatization and liberalization. In today's competitive world and due to emergence of private banks which has brought a wide changes in maintaining the transparency, efficiency and sustainability so that which has brought immense competition and the pressure and risk have increased consistently our research is to compare the financial performance between state bank of India and industrial credit and investment corporation of India around Chennai.

STATE BANK OF INDIA

SBI is one of the leading banks in India. It is a public sector bank and nationalized bank with a huge customer base all over India. It has seven associate banks operating under its SBI name. It has 16000 branches provides a wide range of banking product through its vast network of branches in India and overseas, including product aimed at non-resident.

The headquarters of SBI is at Mumbai. SBI has 14 local head offices and 57 zonal offices that are located at important cities throughout. It has 130 branches out of the country. The root of SBI rests in the first decade of the 19th century. The SBI was constituted on 1st July 1955. The following are subsidiaries of State Bank of India.

ICICI BANK

This is the second largest private sector bank in India having 2552 branches, 7440 ATM's spread across the country. It is among the top commercial banks of India providing a wide range of banking services through varied delivery channels. It provides high-end banking services such as internet banking, telebanking, and mobile banking. ICICI bank plays a pivotal role in the domains of investment banking, venture capital, asset management, and life insurance. The bank spread its service in 18 countries across the world like U.K, Canada, Russia, and others.

OBJECTIVES OF THE STUDY

- To analyze the profitability position of State Bank of India and Industrial Credit and Investment Corporation of India at Chennai
- To find out liquidity and solvency position of State Bank Of India and Industrial Credit and Investment Corporation of India
- To find out suitable suggestions in order to improve the financial conditions of the bank which is suitable for the study.

SCOPE OF THE STUDY

- This study will help to understand the financial effectiveness of both the public sector and private sector banks.
- This study will highlight different aspects where SBI and ICICI bank excel and how the banks will provide an opportunity in balancing its activities to achieve the best performance.

RESEARCH AND METHODOLOGY

A research design is a systematic methodology prepared to guide and direct the research study. It follows a pattern and techniques which needs to be followed for attaining the purpose.

The aim of our research is to analyze the financial performance of state bank of India and industrial credit and investment corporation of India at Chennai for this ratio analysis have been chosen as analytical part of our study.

REVIEW OF LITERATURE

- Abbasi, H(2017) Study identifies the development of private sector banking in inclination to public sector banking India. The first phase says about the structure of the banking system in private sector banks. The second phase shows the importance of public sector banks
- Patel, J.(2017) this study relates the relationship among the profitability of Indian commercial banks both public and private sector banks. Analyzing the banks overall profitability reveals that both nationalized and private sector banks are profitable.

- Poonam,(2017) the study reveals that the Indian banking system is categorized as public sector banks, private sector banks, foreign banks, and rural banks. Different indicators are used for measuring the efficiency of the banking sector.

DATA ANALYSIS AND INTERPRETATION

Current Ratio

Table 1: State Bank of India

Year	Current Assets (Cr)	Current Liability(Cr)	Percentage of Ratio
2014-15	2429904	3429904.02	0.70
2015-16	2674380.65	2674380.65	1
2016-17	2257617.58	2357617.55	0.95
2017-18	2948079.80	2048079.80	1.43
2018-19	5762746.28	1792742.29	3.21

Table 2: ICICI

Year	Current Assets(Cr)	Current Liability(Cr)	Percentage of Ratio
2014-15	813484.50	594641.50	1.37
2015-16	641179.29	645129.30	0.99
2016-17	747277.43	717877.54	1.04
2017-18	766749.32	768749.31	0.99
2018-19	676185.97	876185.98	0.77

Interpretation

As we compare annual sources of both SBI and ICICI in the year 2014-15 it has been revealed that SBI liability is higher as compared to their total assets but ICICI even it is a private sector bank its assets are more than its liabilities so current ratio of ICICI is 1.37 which is in increasing position than SBI which is 0.70. at the same when we analyse next year that is 2015-16 SBI is higher than ICICI that is 1 when compared to ICICI that is 0.99 as we compare subsequent years it is identified that SBI position is decreasing due to more liabilities if we take 2017-18 it is clarified that SBI is in good financial position that is 1.43 as we compare to ICICI in 2018-19 frequently SBI is in fast profit moving sector that is 3.79 compared to ICICI that is just 0.77 percentage.

DEBT EQUITY RATIO

Table 3: SBI

YEAR	DEBT & EQUITY	NET WORTH	RATIO PERCENTAGE
2014-15	194740.55	3068485.36	0.0634
2015-16	156700.41	2362445.05	0.0663
2016-17	144274.44	2054067.03	0.0702
2017-18	175438.22	1781943.54	0.0984
2018-19	118282.25	1577539.38	0.0749S

Table 4: ICICI

YEAR	DEBT & EQUITY	NETWORTH	RATIO & PERCENTAGE
2014-15	73213.32	486672.11	0.150
2015-16	80429.36	533980.08	0.151
2016-17	86918.11	596233.09	0.145
2017-18	96908.94	637595.21	0.151.2
2018-19	102115.75s	743833.83	0.137

Interpretation

This study reveals that net-worth of both SBI and ICICI is lower as compared to their debts in the year 2014-15 it is 0.634 as compared to ICICI it is 0.153 which is in good financial setup same scenario is going on in the year 2015-16 it is 0.151 for ICICI and for SBI it is 0.663 which is slight higher comparing to the previous year same continued in the year 2016-17 also ICICI condition is not good in financial position SBI is increasing its debt slowly which is not advisable in the year 2018-19 SBI rectified its bad debts but ICICI is in the same condition which is neither rectified nor good.

NET PROFIT RATIO

Table 5: SBI

YEAR	INCOME AND INT EARNED	NET PROFIT	RATIO PERCENTAGE
2014-15	10891.17	154903.72	7.30
2015-16	13101.57	174972.96	7.487
2016-17	9950.85	191843.67	5.186
2017-18	10484.10	210979.17	4.969
2018-19	-6547.45	265100.01	-2.469

Table 6: ICICI

YEAR	INCOME AND INT EARNED	NET PROFIT	RATIO PERCENTAGE
2014-15	9810.48	54606.92	5.56
2015-16	11175.35	61267.27	5.48
2016-17	9726.29	68062.48	6.99
2017-18	9801.09	73660.76	7.50
2018-19	6777.42	72385.52	10.68

Interpretation

This study depicts that during the year 2014-15 profit of SBI is 7.30 percentage and it is more than ICICI and in 2015-16 it is 7.487 in SBI increased slightly in 2016-17 that is 5.186 in SBI 6.99 increased in ICICI on 2016-17 more than SBI continuously 7.50 in 2017-18 and 10.68 in 2018-19 increased but in case SBI is very low which is good for the bank.

FINDINGS AND SUGGESTIONS

- The operating profit of the State bank of India in comparison with ICICI there is more profit for SBI as compared to ICICI this is because of new scheme introduced by State Bank of India with high rate of interest as it is under the control of government so ICICI have to introduce good schemes in order to give hike in their operating profit.
- The study suggest that net profit of state bank of India and ICICI in 201-17 is increased as the bank fixes more rate of interest than ICICI as there are many branches for SBI, net profit of ICICI is more sensitive to changes in interest rate can cause borrowings to miss their payments on their loans and lower the banks net.
- Debt equity ratio used to measure banking trend calculated by total liabilities by its shareholder's equity. Increase in debt equity of ICICI is due to purchase of durable assets by interest credit codes.

CONCLUSIONS

Our study concludes that the overall profitability ratio of the public sector bank is satisfactory because the improvement of profit for the future to survive. The private sector bank is not satisfactory, in which the profitability ratios decrease towards down will affects the bank directly in future and more concentration on profit. The comparative statement says that the public sector banks are good in their service as wells their liquidity and profitability position is satisfactory than the private sector banks.

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