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EVALUATING THE FINANCIAL PERFORMANCE OF THE BANKING INDUSTRY IN INDIA

Jatin Trivedi, Ph.D
Amity University Mumbai, Faculty of Finance, India
contact.tjatin@gmail.com

Ramona Birău, Ph.D, Ph.Dc
University of Craiova, Faculty of Social Sciences
Craiova, Romania
ramona.f.birau@gmail.com

Tenea Cosmin Andrei, PhD student
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania
andrei.tenea@ymail.com

Cristi Spulbar, Professor Habilitated Doctor, PhD
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania
cristi_spulbar@yahoo.com

Abstract

The growth of banking sector has boomed over 10 times all over the world. In addition to that internet banking has given new dimension to banking system all over the world. Corporate financial reporting provides the fundamental information to a wide range of policy makers in entire sector of the economy. That may be very useful to the shareholders, management, government, creditors and society at large. It also has a vital input for effective and efficient management and requires attention in practices. Particularly, transparent disclosures of operations lead to a dynamic and competing financial institutional environment. The efficiency management creates better performance results in terms of private sector banks compare to public sector banks in India. Any well-developed banking system provides more facilities and services to consumer community that adds more value to company's market capitalization and goodwill. In context to Indian bank, there are large number of public and private banking players that includes, State Bank of India, Bank of Baroda as public sector banks whereas, HDFC bank (which is one of largest private sector bank in India), ICICI bank, KOTAK Bank as major private sector players in India. This study focuses on the performance and growth of selected public and private sector bank based on their fundamental analysis. The sample bank includes HDFC Bank that is one of the largest private sector banks in India, followed by State Bank of India

which is one of the largest public sector bank in India, AXIS Bank, ICICI Bank which are leading private sector bank players and KOTAK Bank, which also is one of private sector banks. The objective of this paper to study the fundamental performance of all selected banks, comparing financial performance and efficiency management, asset management, performance of income statement and analysis of ratios that determines outcome of their financial results.

Key Words: Public Banking, Private Banking, Financial Performance, Financial Stability, Liberalization, Privatization, Financial Regulations, Globalization;

I. INTRODUCTION

Indian banking sector includes large number of public and private banking players including co-operative, non-cooperative banks. In India, banking in India has been dominated by public sector banks (since the 1969) when all major banks were nationalized by the Indian government. In addition to that, the government of India has introduced liberalization in government banking policy in the 1990s, old and new private sector banks have re-emerged. The new policy which earlier known as LPG i.e. liberalization, privatization and globalization in 1991 this new initiative have grown faster & bigger over the two decades since liberalizations using the latest technology, providing contemporary innovations and monetary tools and techniques. Involvement of private banking sector in Indian economy created new vision to sector. It has changed the perspective of entire banking sector than to traditional banking.

The private sector banks are split into two groups by financial regulators in India, old and new. The banks, which were not nationalized at the time of banks, are closely held by certain communities their operations are mostly restricted to the areas in and around their place of origin. Their Board of directors mainly consists of locally prominent personalities from trade and business circles. One of the positive points of these banks is that, they lean heavily on service and technology and as such, they are likely to attract more business in days to come with the restructuring of the industry round the corner. The old private sector banks existed prior to the nationalization in 1969 and kept their independence because they were either too small or specialist to be included in nationalization. The new private sector banks are those that have gained their banking license since the liberalization in the 1990s. Nevertheless, performance of private sector banks in India have boosted up after 2007 and their assets have jumped off more than 3 times in last 10 years. There were only 12 private sector banks in India from 1901 to 1943 of which City Union Bank and KarurVaishya Bank are the oldest form of Private Sector Bank in India. In addition to old private sector banks, new private sector banks started including, AXIS, HDFC, DCB, ICICI, KOTAK, YES and three more banks. Out of these new nine banks we cover four private sector banks i.e. AXIS, HDFC, ICICI, and KOTAK and one public sector bank State Bank of India.

This research paper is objected to analyze the fundamental performance of selected FIVE Indian banks. In last ten years, the performance of private sector banks in India have boosted up after 2007 and their assets have jumped off more than 3 times in last 10 years. There were only 12 private sector banks in India from 1901 to 1943 of which City Union Bank and KarurVaishya Bank are the oldest form of Private Sector Bank in India. In addition to old private sector banks, new private sector banks started including, AXIS, HDFC, DCB, ICICI, KOTAK, YES and three more banks. Out of these new nine banks I cover FOUR private sector banks i.e. AXIS, HDFC, ICICI, and KOTAK and one public sector bank State Bank of India. The Indian players are bullish on the Retail business and this is not totally unfounded. There are two main reasons behind this. Firstly, it is now undeniable that the face of the Indian consumer is changing. This is reflected in a change in the urban household income pattern. The direct fallout of such a change will be the consumption patterns and hence the banking habits of Indians, which will now be skewed towards Retail products. At the same time, India compares pretty poorly with the other economies of the world that are now becoming comparable in terms of spending patterns with the opening up of our economy. For instance, while the total outstanding Retail loans in Taiwan is around 41% of GDP, the figure in India stands at less than 5%. The comparison with the West is even more staggering. Another comparison that is natural when comparing Retail sectors is the use of credit cards. Here also, the potential lies in the fact that of all the consumer expenditure in India in 2001, less than 1% was through plastic, the corresponding US figure standing at 18%.

Presently, private sector banks in India including, AXIS, HDFC, DCB, ICICI, KOTAK, YES and three more banks. Out of these new nine banks, this study paper cover FOUR private sector banks i.e. AXIS, HDFC, ICICI, and KOTAK and one public sector bank State Bank of India. For instance, while the total outstanding Retail loans in Taiwan is around 41% of GDP, the figure in India stands at less than 5%. In context to Indian bank, there are large number of public and private banking players that includes, State Bank of India, Bank of Baroda as public sector banks whereas, HDFC bank (which is one of largest private sector bank in India), ICICI bank, KOTAK Bank as major private sector players in India. The comparison with the West is even more staggering. Another comparison that is natural when comparing Retail sectors is the use of credit cards. Here also, the potential lies in the fact that of all the consumer expenditure in India in 2001, less than 1% was through plastic, the corresponding US figure standing at 18%. Indian banking system provides more facilities and services to consumer community that adds more value to company's market capitalization and goodwill. There were only 12 private sector banks in India from 1901 to 1943 of which City Union Bank and Karur Vaishya Bank are the oldest form of Private Sector Bank in India. The Indian players are bullish on the Retail business and this is not totally unfounded. There are two main reasons behind this. The direct fallout of such a change will be the consumption patterns and hence the banking habits of Indians, which will now be skewed towards Retail Banking products. The fundamental study of analyze the performance of selected banks will give strong input to explore the comparative performance of private sector banks and one public sector bank.

II. LITERATURE REVIEW

According to DR M Dhanabhakyam & M.Kavitha (2012), banks play an important role in the economic development of every nation. They have control over a large part of the supply of money in circulation. The Indian banking system faces several difficult challenges. The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period.

A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. Banks are a fundamental component of the financial system, and are also active players in financial markets. Financial performance refers to the achievement of the

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bank in terms of profitability. The profitability of a bank denotes the efficiency with which a bank deploys its total resources to optimize its net profits and thus serve as an index to the degree of asset utilization and managerial effectiveness. In this article an attempt is made to see the financial performance of the selected public sector banks with the different norms. They are grouped as follows, ratio analysis, correlation and regression. For this study six Public Sector Banks are selected. The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes.

While, Mondal, A., & Ghosh, S. K. (2012) empirically investigated the relationship between intellectual capital and financial performance of 65 Indian banks for a period of ten years from 1999 to 2008. They empirically evaluates the performance of The intellectual capital (human capital and structural capital) and physical capital of selected banks have been analyzed and their impact on corporate performance has been measured using multiple regression technique. They found that the analysis indicates that the relationships between the performance of a bank's intellectual capital, and financial performance indicators, namely profitability and productivity, are varied. The study results suggest that banks' intellectual capital is vital for their competitive advantage. The study uses only 65 leading Indian banks, including foreign banks operating in India.

Pandya, H. (2011) conducted detail study on corporate governance structure and financial performance of the selected banking sector and concludes that the existing literature is not unanimous in its conclusions; the weight of opinion is that there is a significant relationship between governance structures and firm performance. The aim of this research is to study the effect, if any, of corporate governance structures, particularly board structure and CEO duality, on the performance of selected Indian Banks. Using samples of public and private banks operating in India, this research aims to examine the relationship between CEO duality and the proportion of independent directors on firm performance as measured by return on assets (ROA) and return on equity (ROE), using statistical techniques. Results show that there is no significant relationship between corporate governance structures and financial performance of the banks. Karimzadeh, M. (2012) suggests that the structure of Indian banking has substantially changed over the past decades, partially as a result of adoption of new technologies and process of reforms and accompanying deregulation has embodied an incentive for bank management to focus on improving efficiency, especially given the more competitive banking environment. In addition, the results suggest that Bank of India and ICICI bank are more efficient as compare to other banks in India and result confirmed that selected Public Sector Banks are more efficient than Private sectors during the study period in India.

Bhattacharyya, A., Lovell, C. A. K., & Sahay, P. (1997) examines the productive efficiency of 70 Indian commercial banks during the early stages (1986-1991) of the ongoing period of liberalization. They use data envelopment analysis to calculate radial technical efficiency scores. They further use stochastic frontier analysis to attribute variation in the calculated efficiency scores to three sources: a temporal component, an ownership component, and a random noise component. We find publicly-owned Indian banks to have been the most efficient, followed by foreign-owned banks and privately-owned Indian banks.In 2009, Das, A., &Ghosh, S. examines the impact of financial deregulation on cost and profit efficiency of Indian commercial banks during the post-reform period 1992-2004 using the nonparametric data envelopment analysis (DEA). A multivariate regression of the proximate causes of profit efficiencies highlights the importance of bank size, ownership, product diversity and prudential indicators as important variables driving these efficiency differences. The results indicate high levels of cost efficiency and lower levels of profit efficiency, reflecting the importance of inefficiencies on the revenue side of banking activity. The decomposition of profit efficiency suggests that a large portion of outlay lost is due to allocate inefficiency.

According to Saha, A., &Ravisankar, T. S. (2000), Significant changes have been taking place in the Indian banking scenario under the financial sector reform initiatives of the Government of India and the Reserve Bank of India since the early 1990s. As the country's banking system, which is still dominated by the Public Sector Banks, is on the threshold of the new millenium, efficiency issues are gradually emerging as the touchstone of success. There is an emergent need for a comprehensive framework for measuring efficiency of Indian banks both from the point of view of the investors as also the regulators. The present paper, based on empirical analysis, suggests that Data Envelopment Analysis (DEA) could be a suitable approach towards measuring the relative efficiency of banks in the Indian context.While, Tandon, D., Tandon, K., & Malhotra, N. (2014) in their study concludes that efficient banking sector is the fundamental requirement for smooth functioning of any economy. The present study is an attempt to examine the technical, pure technical and scale efficiencies of the Indian banks across different ownership categories for the period 2009-2012. About 7 out of the 44 banks selected lie on the efficiency frontier and form the reference set for their peers. Further, it is observed that efficiency scores do not vary much across the public sector, private sector and foreign banks. Performance of the public sector and private sector banks is almost at par with respect to technical efficiency whereas in the case of foreign banks, there lays scope for improving scale efficiency. A second stage regression analysis is carried out using Tobit regression to examine the determinants of efficiency. The detail work by Singh, S., Sidhu, J., Joshi, M., &Kansal, M. (2016) suggests that intellectual capital performance of Indian banks and established a relationship between intellectual capital and return on assets (ROA). The paper also compared the intellectual capital performance of public sector and private sector banks.

Whereas, Sathye, M. (2003) focuses on efficiency of bank in developing economy. His study focuses on Indian bank efficiency and performance measurement. He found and concludes that the measurement of efficiency is done using data envelopment analysis. Two models have been constructed to show how efficiency scores vary with change in inputs and outputs. The efficiency scores, for three groups of banks, that is, publicly owned, privately owned and foreign owned, are measured. The study shows that the mean efficiency score of Indian banks compares well with the world mean efficiency score and the efficiency of private sector commercial banks as a group is, paradoxically lower than that of public sector banks and foreign banks in India. The study recommends that the existing policy of reducing non-performing assets and rationalization of staff and branches may be continued to obtain efficiency gains and make the Indian banks internationally competitive which is a declared objective of the Government of India.

In addition to that Bhavik, P. (2013) focuses on corporate governance and Kaur, P., &Kaur, G. (2013) focuses on cost efficiency of banks. There are also strong significant studies on capital adequacy management in banking sector. For instance, AspalParvesh Kumar, N. A. (2014) suggests that Capital adequacy has an important bearing on the performance of banks. The present study investigates the determinants of capital adequacy ratio in Indian Private Sector Banks. Their study examines whether specific bank performance factors particularly Loan, Asset Quality, Management Efficiency, Liquidity and Sensitivity have an impact on capital adequacy requirements among private sector banks of India. The study highlighted the impact of some risks such as credit (loan), liquidity and sensitivity on the capital adequacy of Indian Private Sector Banks. In addition to several studies, one of the scholars Kumar, S. (2008), studied on analysis on efficiency profitability management in Indian public sector banks. Based on cross-sectional data for 27 banks, this article has endeavored to explore the relationship between Technical Efficiency (TE) and profitability in the Indian public sector banking industry. The technique of Data Envelopment Analysis (DEA) has been utilized to compute the TE score for each bank in the year 2005. The mean level of TE for the industry is found to be 88.5 per cent. This implies that public sector banks can produce 1.13 times as much output from the same inputs, if they operate at efficiency frontier'. In 20 inefficient banks, the technical inefficiency ranges from 2.6 per cent to 36.8 per cent. Also, the banks affiliated with State Bank of India Group' outperform the banks belonging to the Nationalized Banks Group' in terms of operating efficiency.

Moreover, an analysis of efficiency-profitability matrix based on the efficiency scores and Return on Assets (ROA) reveals that 13 banks that fall in the lucky' and underdog' quadrants have the TE score below the industry average. The resource utilization process in these banks features the presence of considerable wastage of resources. The ace' quadrant contains 9 banks which are flagship units in the industry in terms of both efficiency and profitability. Both Andhra Bank and Corporation Bank appear as an ideal benchmark for the laggards on the efficiency and profitability dimensions of performance evaluation.

III. DATA RANGE AND METHODOLOGY

This research study focuses on fundamental analysis of selected Indian banks that includes AXIS, HDFC, ICICI, KOTAK and SBI bank. This paper follows empirical analysis of financial statements using Ratios, Fundamental analysis and comparative charts and histogram. Price – Earning ratio is considered for detail analysis, which is one of popular indicator of a stock's growth potential is its price-to-earnings ratio, or P/E – or multiple – can help you gauge the price of a stock in relation to its earnings. For instance, a stock with a P/E of 20 is trading at a price 20 times higher than its earnings. A low P/E may be a sign that a company is a poor investment risk and that its earnings are down. But it may also indicate that the market undervalues a company because its stock price doesn't reflect its earnings potential. Similarly, a stock with a high P/E may live up to investor expectations of continuing growth, or it may be overvalued.Ratio Analysis covers Key Financial Ratios such as Per share contribution ratios, Asset Management Ratios, Operating profit margin ratios, Per employee contribution ratios and more 12 important ratios to measure and compare the performance of selected Indian banks.

Net Profit Margin = Net Profit/Total Revenue*100
Earnings Per Share (EPS) = Net Income/Number of shares
Diluted EPS = Net Income-Preferred Dividend / shares
Cash Earnings per share = Operating Cash flow / shares
BV = Represents difference between total assets and liabilities
ORS = Operating Revenue / Number of Shares
Per Share Net Profit = Net Profit / Number of Shares

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IV. COMPARATIVE ANALYSIS OF POSITION STATEMENT

Financial performance of any company depends on their equity investment and management of reserve and capital funds. For detail fundamental analysis, the first step is to analyze the equity share capital investment by all selected five banking companies.

Table 1 Comparative Ratio Analysis Performance - NET PROFIT MARGIN

Net Profit Margin (%)					
Year	2013	2014	2015	2016	2017
AXIS BANK	8.26	20.1	20.7	20.3	19.1
ICICI	2.81	2.94	2.94	2.77	2.58
HDFC	21	20.4	21.1	20.6	19.2
KOTAK BANK	19.3	12.8	19.2	17.1	16.9
SBI	5.97	6.07	8.59	7.98	11.8

Source: Own computation using financial results of selected banking companies from 2013 to 2017

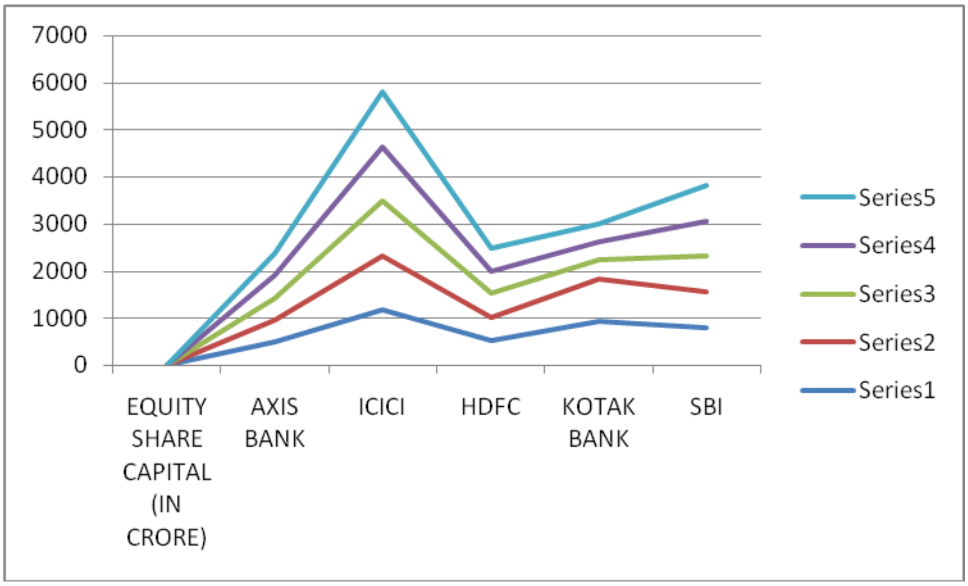

Figure 1 Comparative performance of Equity Share Capital

Source: Authors own computation using financial results of selected banking companies from 2013 to 2017

In the above graph it appears that highest investment for equity capital investment is by ICICI bank. This directly impacts on their equity market capitalization and may have much stronger result in future perspective.

Table 2 Comparative Equity Share Capital Investment

EQUITY SHARE CAPITAL (IN CRORE)					
AXIS BANK	479.01	476.57	474.1	469.84	467.95
ICICI	1,165.11	1,163.17	1,159.66	1,155.04	1,153.64
HDFC	512.51	505.64	501.3	479.81	475.88
KOTAK BANK	920.45	917.19	386.18	385.16	373.3
SBI	797.35	776.28	746.57	746.57	746.57

Source: Own computation using financial results of selected banking companies from 2013 to 2017

The intellectual capital performance of Indian banks and established a relationship between intellectual capital and return on assets (ROA). The paper also compared the intellectual capital performance of public sector and private sector banks. Design/methodology/approach – This study is based on secondary data from the top 20 Indian banks. Ten banks were selected from each of the public and private sectors on the basis of paid-up equity capital.

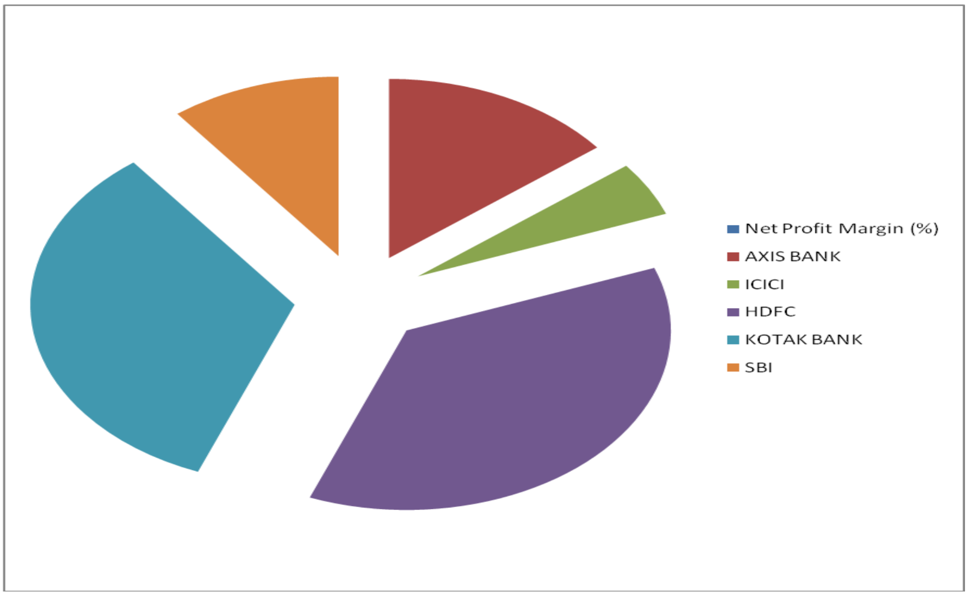

Figure 2 Comparative Ratio Analysis Performance - NET PROFIT MARGIN

Source: Author own computation using financial results of selected banking companies from 2013 to 2017

Table 3 NET PROFIT – LOSS of AXIS, ICICI, HDFC, KOTAK and SBI

NET PROFIT - LOSS FROM 2013 TO 2017					
YEAR	2017	2016	2015	2014	2013
AXIS BANK	3,679.28	8,223.66	7,357.82	6,217.67	5,179.43
ICICI	9,801.09	9,726.29	11,175.35	9,810.48	8,325.47
HDFC	14,549.64	12,296.21	10,215.92	8,478.38	6,726.28
KOTAK BANK	3,411.50	2,089.78	1,865.98	1,502.52	1,360.72
SBI	10,484.10	9,950.65	13,101.57	10,891.17	10,891.17

Source: Authors own computation

The previous table 3, represents net profit for selected Indian banks. It represents that HDFC which is on the top to making profits among other banks followed by State Bank of India (a public sector bank and ICICI which is private sector bank. KOTAK bank found at last rank to perform and generate profitability in all the years starting from 2013. The highest average profit is maintained by State Bank of India consecutively from 2013 to 2017.

In fundamental analysis an attempt is made to analyze various fundamental or basic factors that affect the risk-return of the securities. Fundamental analysis helps to analyze the strength of basics of Indian banking sector. That is, for the financing needs of longer gestation papers it is banks which provide the bulk of the funding not corporate-municipal bond markets or the pension and insurance sectors. Among banks it is the public sector banks (PSBs) which have been in the lead to provide funding for infrastructure, power and steel production papers.

There are also financial institutions that provide banking services without meeting the legal definitions of bank. It focuses on the emergence of Indian banking sector, its reform over the period, its connection with the world economic conditions, banking sector analysis, environmental analysis and the analysis of performance of the top public sector banks. Economic analysis covers the recent changes in the world economy and its impact on Indian banking sector.

This includes macro-economic analysis and micro economic analysis (fiscal and monetary policy changes). The study represents the brief idea about Indian banking sector and fundamental analysis of public and private sector banks. It provides the information on the long term stability of banking sector and future growth prospects in banking sector. Fundamental analysis can help the various interested parties by providing relevant information to them, which can help them to take informed decision.

Table 4 Comparative performance of Per Share returns

– AXIS, ICICI, HDFC, KOTAK and SBI -

RATIOS	**AXIS BANK**					**ICICI BANK**				
EPS	15.4	34.59	31.18	132.56	119.67	16.84	16.75	19.32	84.99	72.2
DEPS	15.34	34.4	30.85	132.23	118.85	16.77	16.65	19.13	84.65	71.93
CEPS	17.49	36.38	32.75	140.08	118.2	18.12	17.92	20.41	89.92	76.42
BV	232.8	223.1	188.47	813.47	707.5	166.35	149.45	138.71	633.86	578.22
OP.REV	186	172	149.67	652.16	580.88	92.96	90.68	84.66	382.48	347.39
NET PROFIT PER SHARE	15.36	34.51	31.04	132.33	110.68	16.82	16.72	19.27	84.94	72.17
	HDFC BANK					**KOTAK BANK**				
EPS	57.18	48.84	42.15	35.47	28.49	18.57	11.42	24.2	19.62	18.31
DEPS	56.43	48.26	41.67	35.21	28.18	18.55	11.4	24.14	19.59	18.24
CEPS	60.03	51.43	43.38	38.14	31.01	20.11	12.96	26.66	21.65	20
BV	349.1	287.5	247.4	181.23	152.2	150	130.6	183.1	159.46	126.77
OP.REV	270.5	238.2	193.4	171.47	147.37	96.14	89.32	125.9	113.81	107.72
NET PROFIT PER SHARE	56.78	48.64	40.76	35.34	28.27	18.53	11.39	24.16	19.51	18.23
	STATE BANK OF INDIA									
EPS	13.43	12.98	17.55	156.76	210.06					
DEPS	13.43	12.98	17.55	156.76	210.06					
CEPS	16.02	15.01	19.04	163.75	222.86					

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BV	236.1	185.9	172	1,584.34	1,445.60	
OP.REV	220.1	210.9	204.1	1,826.36	1,749.29	
NET PROFIT PER SHARE	13.15	12.82	17.55	145.88	206.2	

Source: Computation using financial results of selected banking companies from 2013 to 2017

The previous table represents financial key ratio performance that impacts directly to share-holders and investors. That indicates that HDFC Bank which is one of the largest private sector banks in India having top performance for Earning Per share and represents strong fundamental compared to rest of selected study banks in year 2017. However in previous years i.e. 2013 and 2014, the best Earning Per Share (EPS) performance by State Bank of India and Axis Bank respectively which exceeding the performance over 4 times of performance of HDFC bank.

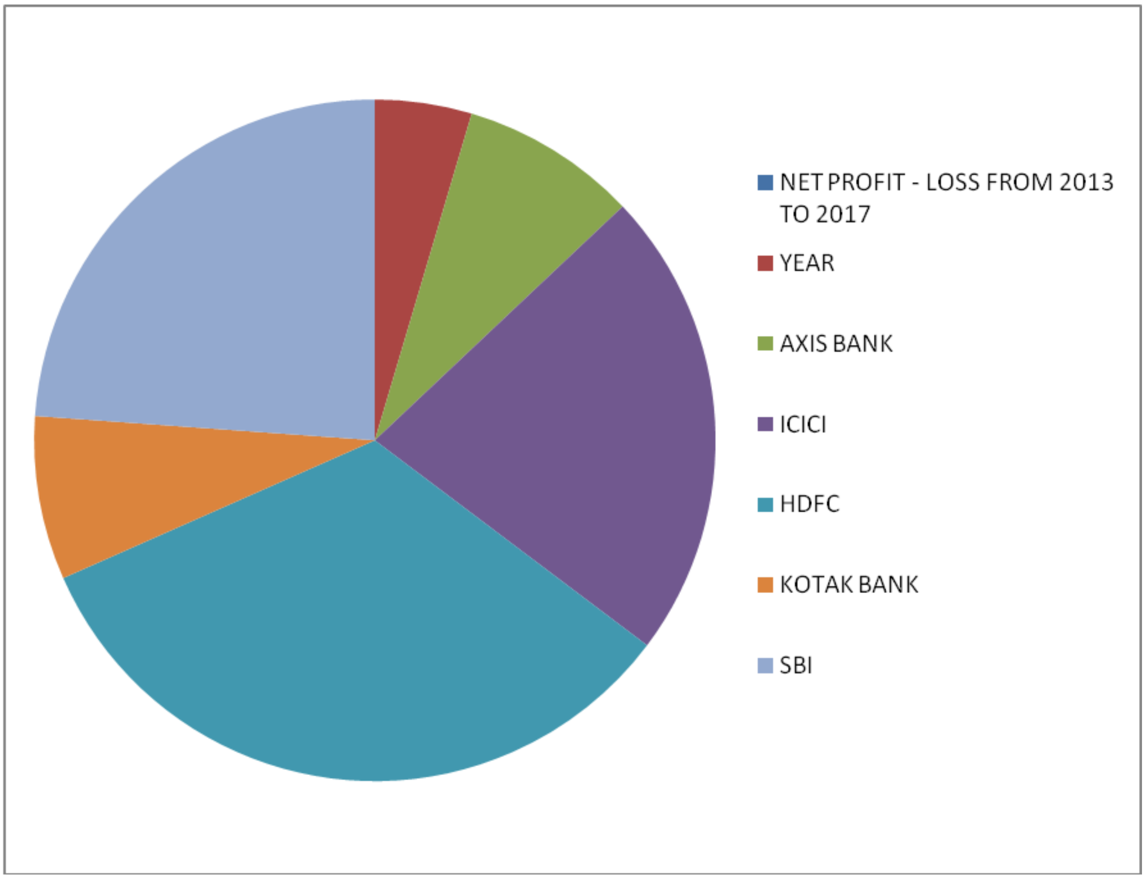

Figure 3 Comparative performance of NET Profit

Source: Author own computation using financial results of selected banking companies from 2013 to 2017

State Bank of India, reports lowest EPS performance for 2017 followed by AXIS bank. Investors can find out the past performance of the banking sector, recent changes and their impact on this sector, and future prospects of higher return and stability in this sector. Banking sector analysis involves the stage of banking sector life cycle, banking sector performance. Authorization for transactions is granted by banks regulatory authorities and provides rights to conduct the most fundamental banking services such as accepting deposits and making loans. The study discuses about the comparative analysis on performance of private sector banks and the public sector banks of India during the period 2007-2016 on key parameters such as the P/E Ratio, Trend analysis and by using Regression formula. The study found that it has a significant impact on the PE ratio and ROE of the public-sector banks.

V. EMPIRICAL RESULTS

A bank is a business unit that provides banking services for a profit. Traditional banking services include receiving deposits of money, lending money and processing transactions. India's financial sector is dominated by the banking sub-sector. The ground reality in India is that any directly observable attempt to fully resolve this debt overhang problem would be quickly mired in political economy and legal considerations. The extent to which large defaulter corporates can be pressured to honor contractual commitments would determine the magnitude of funds that government would have to provide to nurse PSBs back to health. Consequently, this paper does not suggest overall remedies to the debt problem. The study is descriptive in nature and this attempt is made to evaluate the performance of the bank through the financial data which are disclosed in accounting policies. Indian private sector banks have chosen to limit their exposure to shorter-term loans usually not longer than five years in maturity except for housing in urban areas with the property itself as collateral. Some banks issue bank notes as legal tender. Many banks offer ancillary financial services to make additional profit for example, selling insurance product, investment product or stock broking. Currently in most jurisdictions, the business of the banking is regulated and bank requires permission to do their business.

This study focuses on the performance and growth of selected public and private sector bank based on their fundamental analysis. The sample bank includes HDFC Bank that is one of the largest private sector banks in India, followed by State Bank of India which is one of the largest public sector bank in India, AXIS Bank, ICICI Bank which are leading private sector bank players and KOTAK Bank, which also is one of private sector banks. The objective of this paper to study the fundamental performance of all selected banks, comparing financial performance and efficiency management, asset management, performance of income statement and analysis of ratios that determines outcome of their financial results.

Fundamental analysis helps to analyze the strength of basics of Indian banking sector. It provides the information on the long term stability of banking sector and future growth prospects in banking sector. Fundamental analysis can help the various interested parties by providing relevant information to them, which can help them to take informed decision. Investors can find out the past performance of the banking sector, recent changes and their impact on this sector, and future prospects of higher return and stability in this sector. Banks can find out the opportunities available in the market, perception of customers, weaknesses and ways to improve in future, It focuses on the emergence of Indian banking sector, its reform over the period, its connection with the world economic conditions, banking sector analysis, environmental analysis and the analysis of performance of the top public sector banks. Economic analysis covers the recent changes in the world economy and its impact on Indian banking sector. It includes macro-economic analysis and micro economic analysis (fiscal and monetary policy changes). The study represents the brief idea about Indian banking sector and fundamental analysis of public and private sector banks. In fundamental analysis an attempt is made to analyze various fundamental or basic factors that affect the risk-return of the securities. Fundamental analysis helps to analyze the strength of basics of Indian banking sector.

This study represents comparative positioning of selected Indian public and private sector banks. It is found that net profit for selected Indian banks. It represents that HDFC which is on the top to making profits among other banks followed by State Bank of India (a public sector bank and ICICI which is private sector bank. KOTAK bank found at last rank to perform and generate profitability in all the years starting from 2013. The highest average profit is maintained by State Bank of India consecutively from 2013 to 2017. Today, banking industry ishighly competitive. The financial services industry has been around for hundreds of years, and just about everyone who needs banking services already has them. Because of this, banks must attempt to lure clients away from competitor banks. They do this by offering lower financing, preferred rates and investment services. The banking sector is in a race to see who can offer both the best and fastest services, but this also causes banks to experience a lower ROA. They then have an incentive to take on high-risk papers. In the long run, we're likely to see more consolidation in the banking industry. Larger banks would prefer to take over or merge with another bank rather than spend the money to market and advertise to people.

VI. CONCLUSION

The study represents the brief idea about Indian private banking sector and fundamental analysis of public and private sector banks. In fundamental analysis an attempt is made to analyze various fundamental or basic factors that affect the risk-return of the securities. Fundamental analysis helps to analyze the strength of basics of Indian banking sector. This study represents comparative positioning of selected Indian public and private sector banks. It is found that net profit for selected Indian banks. Many banks offer ancillary financial services to make additional profit for example, selling insurance product, investment product or stock broking. Currently in most jurisdictions, the business of the banking is regulated and bank requires permission to do their business. Authorization for transactions is granted by banks regulatory authorities and provides rights to conduct the most fundamental banking services such as accepting deposits and making loans. There are also financial institutions that provide banking services without meeting the legal definitions of bank.The study represents the brief idea about Indian banking sector and fundamental analysis of public sector banks. In fundamental analysis an attempt is made to analyze various fundamental or basic factors that affect the risk-return of the securities. The analysis of economy, industry and company fundamental is the main ingredient of the fundamental approach. The analyst should take into account the entire three constituent that form different but special steps in making various decisions. HDFC which is on the top to making profits among other banks followed by State Bank of India (a public sector bank and ICICI which is private sector bank. KOTAK bank found at last rank to perform and generate profitability in all the years starting from 2013. The highest average profit is maintained by State Bank of India consecutively from 2013 to 2017.

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