

Management Efficiency and Profitability of Selected Indian Public and Private Sector Banks

Kumar J., Sathyabama University, Chennai, India

Thamil Selvan R., Sathyabama University, Chennai, India

ABSTRACT

Commercial banks play a vital role in the development of the industry and trade. The present article identifies management efficiency and profitability of selected Indian public and private sector banks. The study considered a sample of top ten banks (7 public sector banks and 3 private sector banks) for the period from April 1, 2005 to March 31, 2016. The study is based on the secondary data, procured and extracted from financial statements of the selected banks. The collected data has been analyzed using various financial ratios and statistical tools like geometric mean standard deviation and compounded annual growth rate have been accomplished.

KEYWORDS

Business Per Employee, Private Sector Banks, Profit Per Employee, Public Sector Banks, Total Assets and Total Income

INTRODUCTION

Indian banking system remain the largest financial sector intermediary in India with adoption of new innovation to lower transaction cost which facilitate immediate and faultless payment and enhancing customer service. A modern bank provides important service to a country. To achieve development there should be a developed financial system to sustain not only the economic but also for the society. Commercial banks have paying attention to their situation and beginning different measures such as strengthening the selection process of the management, setting up a stresses assets funds, legislating a bankruptcy code and recovery tribunal etc.

Bank are necessary for increasing their structural reform in market, particularly land and labour. In this environment different levels of government need to act jointly for the preeminent result. The land acquirement processes are the decisive factor determining the pace of investment. Labour regulations are frequent cited to be a important obstacle to the growth, mainly with consider to medium and large scale manufacturing firms.

DOI: 10.4018/IJKBO.2019010103

Copyright © 2019, IGI Global. Copying or distributing in print or electronic forms without written permission of IGI Global is prohibited.

REVIEW OF LITERATURE

Muhittin oral and Reha Yolalan (1990) In their indicated that this kind of approach is not only complementary to traditionally used financial ratios but also a useful bank management tool in reallocating resources between the branches in order to achieve higher efficiencies. It has been also observed that the service-efficient bank branches were also the most profitable ones, suggesting the existence of a relationship between service efficiency and profitability.

R.K Uppal (2009) in his review found that there is a huge contrast, among the three banks as to the time clients need to spend to execute a business. The e-banks are more effective as to time consider. This is the essential component of moving of potential clients in e-banks.

Dr. Viakas Choudhary and Suman Tandon (2010) in their reviews found that the CAGR of different factors have demonstrated variety shape bank to bank. State Bank of Indore has demonstrated most extreme CAGR if there should be an occurrence of aggregate advances; add up to stores and aggregate resources. Punjab and Sink Bank has demonstrated the slightest development of stores and advances and State Bank of India has the minimum development of stores. CAGR of profit for value and profit for resources was at the pinnacle of United Bank of India despite Dena Bank, Punjab and Sind Bank have indicated negative trends in their ratios. Dwindle of NPAs ratio was most elevated in the event of State Bank of Hyderabad and slightest if there should be an occurrence of Dena bank.

K.N.V Prasad G. Ravinder, Dr. D. Maheshwara Reddy (2011) in their reviews titled "A Camel Model analysis of public and private sector banks in India" found that by and large Karur Vysya bank was at top most position was taken after by Andhra Bank, Bank of Baroda and furthermore it is watched that central Bank of India was at the base generally position. The biggest public sector banks in India benefited 36th position.

Saiful Islam and Md.Borak Ali (2011) in their reviews found that the consumer loyalty and reputation of the bank lead more loyalty. Subsequently, the discoveries of the review would open up another strategy for planning to keep banking benefit in creating region like Bangladesh. It will likewise direct the investors how well they could serve present and forthcoming clients. In fact, the review gives a structure to bankers to offer quality service.

Shirshendu Ganguli and Sanjit Kumar Roy (2011) recognised four non-specific service quality measurements in the innovation-based managing account administrations – client benefit, innovation security and data quality, innovation comfort, and innovation utilisation ease and dependability. The review uncovered that client service and innovation utilisation effectiveness and unwavering quality have the positive and huge effect on consumer loyalty and client devotion and innovation comfort and consumer loyalty have the huge and positive effect on client reliability.

Vighneswara Swamy (2012) in his review titled "Determinants of Bank Asset Quality and Profitability - An Empirical Assessment" found that Priority segment credit has been observed to be not huge in influencing the NPAs in spite of the general discernment and comparative is the situation with that of rural branch imply that abhorrence for rustic credit is an erroneously established observation. Public sector banks have demonstrated huge execution in containing terrible obligations private banks have kept on being steady in containing the awful obligations as they have better hazard administration systems and innovation, which certainly enables them to complete up with lower levels of NPAs.

Khalid Ashraf Chisti (2012) In his review titled "The impact of Asset Quality on Profitability of Private Banks in India" found that his review when a bank's advantage quality turns out to be more terrible, it takes more assets for a bank to direct non-esteem included credit getting exercises, which prompts poor execution. The benefit quality and gainfulness are contrarily connected in the banking industry.

George K Amoako (2012) in his review found that the client's point of view is not agreeable but rather has prompted the expansion in a number of new clients, upkeep of existing client and increment in gainfulness among others. Ghana commercial Bank expected to enhance and formalise its client service and public relation programs.

8 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/article/management-efficiency-and-profitability-of-selected-indian-public-and-private-sector-banks/216838

Related Content

Development of a Business Process Model for a Project-Based Service Organisation

Udityasinh Gohil, Patricia Carrillo, Kirti Ruikarand Chimay Anumba (2013).

International Journal of Knowledge-Based Organizations (pp. 37-56).

www.irma-international.org/article/development-business-process-model-project/76324

A Formative Evaluation of Rendezvous: A Platform for Knowledge Sharing and Entertainment

Alton Y.K. Chua (2014). *International Journal of Knowledge Management* (pp. 1-17).

www.irma-international.org/article/a-formative-evaluation-of-rendezvous/123395

Analysing Millennial Procrastination in Online Assessment Using Analytics

Pragya Jayaswaland Dinesh Rawat (2020). *International Journal of Knowledge-Based Organizations* (pp. 41-54).

www.irma-international.org/article/analysing-millennial-procrastination-in-online-assessment-using-analytics/256218

How Knowledge Management Influences Performance?: Evidences from Indian Manufacturing and Services Firms

Himanshu Joshiand Deepak Chawla (2019). *International Journal of Knowledge Management* (pp. 56-77).

www.irma-international.org/article/how-knowledge-management-influences-performance/234741

Click Connect and Coalesce for NGOs: Exploring the Intersection Between Online Networks, CoPs, and Events

Nancy White (2004). *Knowledge Networks: Innovation Through Communities of Practice* (pp. 282-294).

www.irma-international.org/chapter/click-connect-coalesce-ngos/25440