

A Study On Financial Growth And Stability Position Of Selected Private Sector Banks In India (HDFC, ICICI And Axis Bank)

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Abstract

The banking industry is important to a country's economic growth. With a large network of branches and a diverse range of financial services, India's banking system is large. The aim of this research is to study the financial results of India's three largest private banks. The financial performance of banks was analyzed using Net profit, Assets, Income, Margin ratio, and Return on equity ratio. After evaluating financial data from 2017 to 2021, the study concluded that the private banks performed as well as good in the banks sectors. The results of this study will benefit to the shareholders and customers and as well as bank management.

Key Words: Financial Performance, private banks, ratio analysis, net profit, earning per share and etc..

Date of Submission: 07-08-2022

Date of Acceptance: 22-08-2022

I. Introduction

The private banking sector has shown a surprising response to the needs of the planned economy. Efforts to mobilize deposits have made great strides, and recently various measures have been taken to accelerate the increase in deposits. The activities of commercial banking companies are growing in several multifaceted ways. In a sense, commercial banks have emerged as important financial institutions for rapid economic development. By pooling savings, banks can finance different sectors of the economy and make them available to specialized institutions that need capital for different purposes, risks. Thus private banks get high return of income at investment and deposits gone the urban places by lending money to the individuals , business as a loan such as home loan , car loan, building loan, public loan etc.. and the investment thier money as well as support to the banking sectors of our economy of agriculture sectors in order to develop our rural areas. This intermediary role of banks is especially important in the early stages of economic development and financial specifications.

The private banking sector plays an important role in the efficient functioning of a country's economy. It is very important to compare and evaluate the financial performance of top private banks in India, However, the rapid and sustained change in the global economic environment requires greater effort and serious attention from relevant agencies. The growth in the private banking sector has also lead to the development of several technologies for measuring financial performance, as well as the use of various parameters to assess the banking performance.

A bank's financial performance is not only important to the banking operations but also to many stakeholders. Against this background, this study is an attempt to investigate the financial results of top private banks selected in India. It provides up-to-date financial analysis on the performance of these selected banks in India and help us to make the investment decisions.

OBJECTIVES OF THE STUDY

- To evaluate and analyze the financial performance of the selected private sector banks, i.e HDFC, ICICI. AXIS Bank.
- To compare the current financial position of the private banks in India.
- To find out the profit margin and the earning per shares of the selected private banks,i.e, HDFC, ICICI, AND AXIS BANK.

II. Research Methodology

The nature of the research used in this article is Analytical Research. Analytical studies should use facts or information already available and analyze them for a critical assessment of the material. Secondary data is data that has already been collected and stored. Secondary data used in this article was collected from.

- Annual reports of the banks
- Bulletins Periodicals and News letters
- Internal reports of the bank

LIMITATIONS OF THE STUDY

- The study depends upon the secondary data collected.
- The period of study is limited to collection of data only for five years.
- The study also limited only to the selected private banks.

III. Review Of Literatures

- Chintala & Kumar, (2016) the study shows the financial performance of public and private banks. SBI, Total revenue, interest income and service income for BoB, PNB, CBI, IDBI, HDFC, ICICI, Kotak and IndusInd Bank were analyzed for five years from 2011 to 2016. They came to the conclusion that private banks were the most common. It is profitable and has achieved the fastest growth. In the same way, we analyzed financial results.
- Singh, A. K. (2015) The study in the analysis of the position of profitability of Indian private banks such as AXIS, ICICI, Karur Vysa Bank (KVB) and Yes Bank emphasize the bank's overall profitability). Net capital margin and return on total assets, adjusted cash margin
- Sangmi, Mohi-ud-Din, and Tabassum Nazir (2010) studied on Financial Performance of Commercial Banks in India: Application of CAMEL Model. In this paper, five banks were selected on the basis of highest market capitalisation, and the period of the study is 2007 to 2010. On the basis of CAMEL Model, the banks were ranked. According to the study results, the HDFC bank hold the first position and followed by HDFC the SBI hold the second position and third position of the KMB and firm as icici bank and fifth position as the AXIS bank The analysis shows that banks with the highest capitalisation rates are ranked higher. However, further examination based on other parameters indicates that the financial performance of the same banks is not that good

ANALYSIS AND INTERPRETATION

Data analysis and interpretation is the process of the information to interpretation of the collected data and determining the conclusion, impact of the results and then analyzing the selected private banks.

NET PROFIT RATIO

It shows the operating efficiency of a bank or business. Increasing the ratio indicates the better performance and decreasing the ratio shows inefficiency in the management and the operation expenses. It calculated by the dividing the net profit of the selected private banks in India.

Net profit ratio

Year	BANKS		
	HDFC	ICICI	Axis Bank
2017	21.07	22.76	20.73
2018	20.41	18.44	20.06
2019	20.99	18.09	8.26
2020	21.79	12.33	.66
2021	21.79	5.30	8.50

Interpretation

This table shows the net profit of the selected eight private banks in India. The above ratio is for five years from 2017 to 2021. The profit of the HDFC bank is 21.79% in the year 2020 and 2021. So, it is an increased trend kept. It means the performance of the HDFC was good. As the table above shows, the profit of Axis Bank was higher in the starting year but then it declined year by year. The profit of Axis Bank was in the year 2019 only 0.66%. The profit of the ICICI was good during the study period but it is in a decreasing trend. The bank is performing well in the market because this bank profit was not highly fluctuated. It can be stated that the bank has a good position in the market. The bank is performing well in the market with the highest profit in 2017.

EARNING PER SHARE RATIO

The EPS shows return earned by the each shareholder. This ratio measure the market worth of the shares of a business or banks. The higher ratio shows better prospects of the bank. It calculated by the dividing earning available to the equity shareholders with number f equity shares .

Earning per share ratio

Year	BANKS		
	HDFC	ICICI	Axis Bank
2017	48.84	16.75	17.64
2018	57.18	10.31	15.40
2019	67.76	10.56	01.13
2020	78.65	05.23	18.20
2021	248.01	12.28	05.99

Interpretation

Earnings per share (EPS) is a measure of how much money is made per share. This table shows that from 2017 to 2021, HDFC Bank's earnings per share (EPS) increased, while ICICI Bank's EPS decreased. In terms of EPS volatility, Axis bank was found to be less volatile than other banks, that means fluctuating trend.

IV. Conclusion

The researchers focused at the financial performance of India's banking sector over the last five years, from 2017 to 2021. The study also aimed to identify the main factors influencing for the rate of banks are success the best banks based on their financial results over a set period of time. The Net profit, Net-profit margin ratio, EPS ratio, and P/E ratio were used to analyse the data. Based on the data review, it is to concluded that the private banks performance is much more better than the Axis bank. In the private sector, HDFC Bank outperformed ICICI Bank by offering fluctuating returns to investors over a five-year period. All three banks saw significant changes when compared to banks on past few years.

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Dr.A.PRIYA. "A Study On Financial Growth And Stability Position Of Selected Private Sector Banks In India (HDFC, ICICI And Axis Bank)." *IOSR Journal of Economics and Finance (IOSR-JEF)*, 13(4), 2022, pp. 01-03.