

MANAGEMENT EFFICIENCY IN PRIVATE SECTOR BANKS OF INDIA

Udeybir Singh,

Research Scholar,
IKG-PTU Jalandhar, India

Dr. Mandeep Kaur,

Assistant Professor,
IKG-PTU Jalandhar, India

ABSTRACT

Economic development of a country depends upon the status of its banking industry. No government can even dream of implementing its developmental plans and programmes without developing sound and effective financial systems. Banks act as a channel to put in productive use, the saving of the masses of a country. They act as trustee of public funds. Main business of every bank is to create, buy or sell money. As a result they affect the lives of millions. Therefore sound and effective control mechanism is always required to regulate banking operations. Reserve Bank of India (RBI), which is controlling authority of financial operations in India, has developed on-site and off-site monitoring systems for Indian Banks. An important tool of this mechanism is CAMEL analysis. It examines the capital adequacy, assets health, management efficiency, earning capacity and liquidity position of a Bank. In this paper we have made an attempt to evaluate the management efficiency of private sector banks in India.

Keywords: Management Efficiency, Ratios, Private Sectors Banks.

INTRODUCTION:

Top policy making body of an organisation is known as its management. The success or failure of an organisation depends upon the procedures and methods adopted by its management to conduct operations of the enterprise. "Management means to ensure optimum utilization of available resources (men, money, material, machines, method and minute) to achieve objectives of an organization, efficiently and effectively" (Sukhmani, 2011).

"Management quality is basically the capability of the board of directors and management, to identify, measure, and control the risks of an institution's activities and to ensure the safe, sound, and efficient operation in compliance with applicable laws and regulations (Uniform Financial Institutions Rating System 1997, p.6)" The management visualise the objectives to be achieved by the bank and ensures their accomplishment. "This parameter is used to evaluate management efficiency as to assign premium to better quality banks and discount poorly managed ones" (Biju, 2006).

Efficiency of the management of an organization is measured with analysis of its productivity. "Productivity is an efficiency index that measures the rate of output per unit of input like men, material, machines, and space. It explains the efficiency in use of factors of production employed by an organisation" (Raul & Ahmed, 2005).

Banking is a service industry with its product in the form of services. "Banks uses varied inputs and provides diverse outputs in the form of deposits generated, utilization of deposits in loans and investment and various other services etc." (Rao, 1989). It is difficult to recognise various inputs in banks.

INDICATORS OF PRODUCTIVITY IN BANKS:

A single indicator is not enough to measure the productivity of bank, due to multiplicity of inputs and outputs. Sometimes output of banks also becomes its input for certain activities. For example deposits are known as major output of human resources efforts but on the other hands it becomes input for loans advanced by a bank. Therefore a lot of parameters are to be examined to judge the management efficiency of a bank. "Banking being service industry uses the labour as major input and service as major output. But service itself is a mean to achieve other outputs which are measurable and desirable" (Ramesh and Reddy, 1995).

LITERATURE REVIEW:

Banks have always been remained a favourite subject of researchers. All work done by them cannot be reviewed but some studies have been discussed below:

Kosmidou (2008), in his study "The Determinants of Bank's 'Profits in Greece during the Period of EU Financial Integration", seen a significant negative impact of asset quality to bank profitability. Result confirmed the theory that credit risk always affects the profitability of a bank.

Ketkar&Ketkar (2008), Conducted a study to examine performance and profitability of India banks in post linearization periods. They concluded that liberalization and deregulation of banks had improved efficiency of all the banks and ownership pattern of banks have nothing to do with it.

Flamin and Schumacher (2009), studied 389 banks in 41 Sub-Saharan African Countries to know the Determinants of Commercial bank's profitability. Study found that the profitability of private sector and foreign banks was much better than public and local banks respectively. Authors observed a positive relationship between bank's size, business diversification and private ownership of the banks.

Olweny and Shipho (2011), conducted a study to examine the effect of bank specific factors on profitability of commercial banks in Kenya. With help of multiple linear regression method, researchers found that effect of bank specific factor was significant and market factor had insignificant effect on profitability of banks in Kenya.

Prasad, Ravinder and Reddy (2011), in their research paper, 'A CAMEL Model Analysis of public and private Sector Banks in India', Applied the camel model analysis to study the performance of these banks from 2006-2010. They studied all Private and Public sector banks of India. On the basis of composite average of all parameters, KarurVysya Bank was ranked at first position followed by Andra

Bank, Bank of Baroda and Punjab and Sind bank. Central Bank of India got last rank followed by UCO Bank, Bank of Maharashtra and State Bank of India.

Chowdhury (2011), conducted a study of Indian commercial banks to judge their financial soundness through CAMEL Analysis. Twelve commercial banks were taken as a sample size. Study involves period of 10 years i.e. 2000-2009. ICICI, HDFC and KMV were ranked first second and third respectively on the basis of analysis conducted. Axis Bank and Canara Bank were on fourth and fifth position. Union Bank of India was on last position during the period of study.

Gul (2011), found a positive relation between profitability of a bank and input factors while conducting a study to examine the factor effecting banks profitability in Pakistan. Study covered the period of 2005-2009 and 15 commercial banks. Study concluded that profitability of banking sector depended upon internal factors (such as Capital, Asset quality, Liquidity position of the Bank etc etc.) and certain external factors such as stage of economic growth, political stability, economic environment, banking culture etc. Also affect their profitability.

Alabede (2012), in his research paper 'The Intervening Effect of Global Financial Condition on the Determinants of Bank Performance' studied performance of Nigerian Banks. Objective of the study was to examine the effect of Global Financial Conditions on performance of these banks. Researcher concluded that global financial conditions effect asset quality.

Vijayakumar (2012), conducted a case study of State Bank of India and its Associates to evaluate their performance through CAMEL model and came out with the result that State Bank of India was better than its associates. All banks of the group had Capital Adequacy more than prescribed by RBI i.e. 9% and had succeeded in improvement of asset quality during the period of study. Study revealed that the level of Management Efficiency was higher in all the banks of the group.

Jhash& Hal, C (2012), conducted a study to compare the financial performance of commercial banks of Nepal according to CAMEL model.. They concluded that public sector banks were significantly less efficient than private sector banks. On the other hand foreign banks and domestic private banks were equally efficient. Devanadhen, (2013), in his study performance evaluation of large size commercial banks in India, access the financial performance of 14 public sector and 3 private sector banks from April 2000-March 2011 using CAMEL model analysis. Researchers observed that incase of Asset Quality, Earning Capacity and Management Efficiency, public sector banks were facing a tough competition from private sector banks. These days operational plans, programmes and strategies of financial institutions are changing rapidly, due to ever changing socio-economic and technological factors. As a result, performance of these organisations is required to be analysed and studied again and again.

RESEARCH METHODOLOGY:

At present (On 30th June 2016) 22 private sector banks are working in India. Five banks had been selected for this study on the basis of their capitalization. Selected banks are ICICI BANK, YES BANK, AXIS BANK, HDFC BANK AND INDUSIND (IND) BANK. Eight years data i.e from 2008 to 2015 has been taken for this study. Source of data for all tables is annual reports of selected banks and some data has been taken from RBI publications. Significance level has been examined at two levels i.e. one percent and five percent. In various tables (*) indicates significance level at five per cent and (**) at one per cent level.

RESULTS:

Table 1: Loan Turnover in Selected Private Sector Banks.

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	0.20	0.20	0.18	0.12	0.17
2009	0.18	0.22	0.19	0.24	0.19
2010	0.17	0.17	0.17	0.18	0.17
2011	0.13	0.14	0.12	0.14	0.15
2012	0.14	0.17	0.14	0.15	0.18
2013	0.15	0.2	0.15	0.16	0.18

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2014	0.14	0.19	0.14	0.15	0.17
2015	0.14	0.18	0.14	0.15	0.16
Average	0.16	0.18	0.15	0.16	0.17
C.V.	15.65	13.31	15.52	22.34	7.28
C.G.R.	-4.71	-0.93	-4.09	-1.27	-0.74
t-value	3.18*	0.42	2.21	0.38	0.63
Rank	3.5	1	5	3.5	2S

Source: Compiled from Annual Reports of Selected Banks.

Among private sector banks loan turnover in ICICI Bank decreased from 0.20 percent in 2008 to 0.13 in 2011 but increased to 0.15 percent in the year 2013. It was 0.14 percent in 2014 and in 2015. The ratio declined significantly at rate of -4.71 percent compounded annually.

In YES Bank, loan turnover in the year 2008 was 0.20 percent that decreased to 0.14 percent in 2011 after increasing to 0.22 percent in 2009. It fell down to 0.18 in 2015. Frequent ups and downs turned the decline rate of loan turnover i.e -0.93 percent in YES Bank to be non-significant.

In AXIS Bank loan turnover in the year 2008 was 0.18 percent and it followed a declining trend except 2009 when it was 0.19 percent and came down to 0.15 percent in 2015. The ratio in the bank registered non-significant negative growth rate of -4.09 percent compounded annually.

Loan turnover in HDFC Bank showed an inconsistent trend. It increased from 0.12 percent in 2008 to 0.24 percent in 2009 but decreased to 0.14 percent in 2011. It was 0.16 percent in 2013 and 0.15 percent in 2015. Frequent changes turned the decline in growth rate i.e -1.27 percent of loan turnover in HDFC Bank non-significant.

In INDUS Bank also the loan turnover showed a very inconsistent trend. In 2008 loan turnover was 0.17 percent and increased to 0.19 percent in 2009, but 0.15 percent in 2011. It was 0.16 percent in 2015 after touching a level of 0.17 percent in 2012 and 13. The bank recorded a non-significant decline rate of -0.74 percent compounded annually. It is interesting to note that loan turnover ratio in all selected banks registered a negative CGR but it was significant only in ICICI bank.

RATIO OF ADVANCES TO LOAN FUNDS:

Table 2: Advances to loan funds ratio in selected public sector banks

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	72.67	80.78	75.89	71.93	66.69
2009	69.86	76.05	73.87	78.87	71.52
2010	58.57	88.94	72.96	77.24	73.91
2011	68.53	81.65	76.16	79.34	73.15
2012	69.44	65.53	72.29	79.19	77.12
2013	69.64	62.17	71.53	79.93	77.34
2014	73.26	60.67	73.29	82.33	79.37
2015	75.94	70.97	76.65	80.97	80.92
Average	69.74	73.35	74.08	78.73	75.00
C.V.	7.39	13.89	2.59	3.97	6.17
C.G.R.	1.29	-3.89	-0.10	1.37	2.49
t-value	1.08	2.46*	0.23	3.47*	8.18**
Rank	5	4	3	1	2

Source: Compiled from Annual Reports of Selected Banks.

Table 2 Shows the Ratio of Advances to Loan Funds in Selected Private Sector Banks.

Among private sector banks, advances to loan fund ratio in ICICI Bank decreased from 72.67 percent in 2008 to 58.57 percent in 2010. But from 2011 to 2015 the ratio followed an increasing trend and was 75.94 percent in 2015. The compounded growth rate of the ratio i.e. 1.29 percent was non-significant.

In YES Bank, the ratio in 2008 was 80.78 percent which increased to 88.94 percent in 2010 but after that the ratio started decreasing and decreased to 60.67 percent in 2014. However in year 2015 it was 70.97 percent. The ratio in YES Bank declined significantly at rate of -3.89 percent compounded annually.

Advances to loan funds ratio in AXIS Bank followed an inconsistent trend. It decreased from 75.89 in 2008 to 72.96 percent in the year 2010 and further to 71.53 percent in 2013 after touching a level of 76.16 percent in 2011. The ratio was 76.65 in 2015. Various fluctuations turned the growth rate of asset turnover in AXIS Bank to be non-significant as shown by non-significant negative growth rate of -0.10 percent compounded annually.

In HDFC Bank, advances to loan funds ratio followed an increasing trend throughout the period of study. It was 71.93, 78.87, 77.24, 79.34, 79.19, 79.93, 82.33 and 80.97 percent from 2008 to 2015. The advances to loan funds ratio in this bank increased significantly at the rate of 1.37 percent compounded annually.

In IND Bank, advances to loan funds ratio increased from 66.69 percent in 2008 to 73.91 percent in 2010. With a slight decrease in 2011 (73.15 percent), it increased to 80.92 percent in 2015. The advances to loan funds ratio in this bank increased significantly at the rate of 2.49 percent compounded annually.

EARNINGS PER SHARE:

Table 3: Earning per share in Selected Private Sector Banks

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	52.34	6.76	29.93	44.87	2.35
2009	49.41	10.23	50.57	52.77	4.18
2010	44.79	14.06	62.06	64.42	8.53
2011	44.73	20.95	82.54	84.4	12.39
2012	56.09	27.68	102.67	22.02	17.17
2013	72.17	36.27	110.61	28.27	20.3
2014	84.95	44.86	132.33	35.34	26.8
2015	86.45	48.01	155.2	40.76	33.88
Average	61.37	26.10	90.74	46.61	15.70
C.V.	28.26	60.32	46.80	43.59	70.20
C.G.R.	9.83	33.44	24.32	-7.44	44.46
t-value	3.66*	12.66**	9.29**	1.23	8.58**
Rank	2	4	1	3	5

Source: Compiled from Annual Reports of Selected Banks.

Table 3 Elaborates the Information Regarding Earning per Share of Selected Private Sector Banks.

Among private sector banks as shown in Table 3, earning per share in ICICI Bank decreased from Rs. 52.34 in 2008 to Rs. 44.73 in 2011. It started increasing from 2012 and increased to Rs. 86.45 till 2015.

Earnings per share in this bank increased significantly at the rate of 9.83 percent compounded annually.

Earnings per share in YES Bank showed a continuous increasing trend from 2008 to 2015 as it was Rs. 6.76 in the year 2008 and increased to Rs. 48.01 in the year 2015. The results revealed that earning per share increased significantly at the rate of 33.44 percent compounded annually.

In AXIS Bank also, earning per share increased from Rs. 29.93 in 2008 to Rs. 155.20 in the year 2015 showing a continuous increasing trend. As a result earning per share in AXIS Bank increased significantly at the rate of 24.32 percent compounded annually.

Earnings per share increased from Rs. 44.87 in 2008 to Rs. 84.40 in 2011 in HDFC Bank. But in the year 2012 there was a drastic decline in the earning per share as it was 22.02 in that year and again it started increasing from the year 2013 and touched the level of Rs. 40.76 per share in 2015. Heavy fluctuation turned the decline in growth rate (-7.44) non-significant.

Earnings per share in IND Bank increased continuously from Rs. 2.35 per share in the year 2008 to Rs. 33.88 till the year 2015. It is further noted that earning per share increased significantly at rate of 44.46 percent compounded annually.

BOOK VALUE OF ASSETS:

Table 4: Book value of Assets in Selected PrivateSector Banks

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	417.64	44.59	245.13	324.38	34.69
2009	444.94	54.69	284.5	344.44	40.21
2010	463.01	90.96	395.99	470.19	52.71
2011	478.31	109.29	462.77	545.46	81.95
2012	524.01	132.49	551.99	127.52	96.5
2013	578.21	161.94	707.5	152.2	141.71
2014	633.92	197.48	813.47	181.23	164.3
2015	138.72	279.6	188.47	247.39	193.4
Average	459.85	133.88	456.23	299.10	100.68
C.V.	32.25	58.38	48.97	50.59	59.37
C.G.R.	-5.99	28.70	6.55	-11.16	30.24
t-value	0.85	15.47**	0.75	1.71	16.85**
Rank	1	4	2	3	5

Source: Compiled from Annual Reports of Selected Banks.

Information contained in Table 4 showed the book value (value at which assets are shown in balanced sheet) of various assets of the selected private sector banks.

Book value of assets in ICICI Bank increased continuously from Rs. 417.64 crore in 2008 to Rs. 633.92 in 2014. But in the year 2015 there was a huge decrease in the book value of assets of ICICI Bank to Rs. 138.72 crore. This drastic change turned the decline in growth rate (-5.99) to be non-significant.

Book value of assets in YES Bank showed a continuous increasing trend throughout the period of the study. It was Rs. 44.59 crore in 2008 and continuously increased to Rs. 279.60 crore in 2015. Book value of assets increased significantly at rate of 28.70 percent compounded annually.

In AXIS Bank, book value of assets was Rs. 245.13 crore in 2008 that touched the value of Rs. 813.47 crore till the year 2014 showing a consistent increase. But in the year 2015, there was a huge downfall to Rs. 188.47 crore. Compounded growth rate of 6.55 percent was non-significant.

Book of assets in the 2008 was Rs. 324.38 crore and it increased to Rs. 545.46 crore in the year 2011 in HDFC Bank. But in 2012 there was a drastic down fall and book value of assets came down to Rs 127.52 crore. It again started increasing from the year 2013 and reached the level of Rs. 247.39 crore in the year 2015. These fluctuations turned the decline in growth rate (-11.16 percent) to be non-significant.

In IND Bank book value of assets showed an increasing trend throughout the period of the study. It was Rs. 34.69 in the year 2008 and increased to Rs. 193.40 crore till the year 2015 showing a continuous increase. It increased significantly at the rate of 30.24 percent compounded annually.

INTEREST INCOME TO TOTAL FUNDS RATIO:

Table 5: Interest Income to funds ratio in Selected Private Sector Banks

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	10.62	11.33	9.57	11.01	9.15
2009	9.82	12.16	10.53	12.5	10.52
2010	8.82	9.7	9.38	9.84	9.91
2011	6.75	8.47	7.16	7.97	8.91
2012	7.62	9.51	8.33	8.87	10.43
2013	7.93	9.6	8.68	9.5	10.7
2014	7.81	9.59	8.47	9.22	10.32
2015	7.91	9.44	8.4	8.96	9.92
Average	8.41	9.98	8.82	9.73	9.98
C.V.	15.08	11.83	11.44	14.56	6.53
C.G.R.	-3.97	-2.80	-2.45	-3.47	1.02
t-value	2.30	1.91	1.54	1.97	0.99
Rank	5	1.5	4	3	1.5

Source: Compiled from Annual Reports of Selected Banks.

Table 5 Shows Information Regarding Interest Income to Total Funds Ratio in Various Private Sector Banks. Table 5 shows that, interest income to total funds ratio in ICICI Bank decreased from 10.62 percent in 2008 to 6.75 percent in the year 2011. After that it increased to 7.93 percent in the year 2013, and to 7.91 percent in 2015. The decline in compounded growth rate of -3.97 percent was non-significant.

In YES Bank interest income to total funds ratio was 11.33 percent in 2008 which came down to 8.47 percent in 2011. The ratio was 9.70, 8.47, 9.51, 9.60, 9.59 and 9.44 from 2010 to 2015. Bank registered a negative growth rate of -2.80 percent which was non-significant.

Interest income to total funds ratio in AXIS Bank showed various ups and downs throughout the period of the study. It was 9.57 percent in 2008 that increased to 10.53 percent in 2009 but came down to 7.16 percent in 2011. Ultimately it was 8.40 percent in 2015. Bank recorded a non-significant growth rate of -2.45 percent compounded annually.

In HDFC Bank interest income to total funds ratio after increasing to 12.50 percent in 2009 from 11.01 percent in 2008, decreased to 7.97 percent in 2011. It again increased to 9.50 percent in 2013 but came down to the level of 8.96 percent in 2015. The decline in growth rate i.e. -3.47 percent was non-significant.

In IND Bank, interest to total funds ratio increased from 9.15 percent in 2008 to 10.52 percent in the year 2009 but decreased to 8.91 percent in 2011. It again went up to 10.70 percent in 2013, but ultimately came down to 9.92 percent in 2015. Analysis revealed that IND Bank compounded growth rate of 1.02 percent which was significant.

NET INTEREST INCOME TO TOTAL FUNDS RATIO:

Table 6: Net Interest Income to Total Funds Ratio in Selected Private Sector Banks

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	4.29	4.39	4.74	6.66	1.96
2009	3.99	4.67	4.98	6.86	3.16
2010	4.08	4.37	5.34	6	4.09
2011	2.34	2.61	3.1	4.22	3.42

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2012	2.44	2.44	3.04	4	3.32
2013	2.74	2.57	3.09	4.28	3.42
2014	2.91	2.61	3.3	4.14	3.61
2015	3.07	2.85	3.37	4.14	3.5
Average	3.23	3.31	3.87	5.04	3.31
C.V.	23.99	29.38	25.12	24.67	18.43
C.G.R.	-5.86	-8.64	-7.01	-7.91	5.07
t-value	2.00	3.24*	2.79*	4.27**	1.60
Rank	5	3.5	2	1	3.5

Source: Compiled from Annual Reports of Selected Banks.

Net interest income to total funds ratio in various private sector banks has been presented in table 6. In ICICI Bank net interest income to total funds ratio was 4.29 percent in the year 2008 that decreased to the level of 2.34 percent in 2011. In the year 2012 it started increasing and reached the level of 3.07 percent in 2015. The ratio in ICICI declined non-significantly recording the compounded growth rate of -5.86 percent.

Net interest income to total funds ratio in Yes Bank was 4.39 percent in 2008 that increased to 4.67 percent in 2009, decreased to 2.61 percent in 2011. It again declined to 2.44 percent in the year 2012 but it was 2.85 percent in the year 2015. The ratio in YES Bank decreased significantly at the rate of -8.64 percent compounded annually.

The ratio in AXIS Bank increased from 4.74 percent in 2008 to 5.34 percent in the year 2010 but decreased to the level of 3.10 percent in 2011 and further to 3.04 percent in 2012. It was 3.37 percent in the year 2015. Net interest income to total funds ratio in Yes Bank declined significantly at the rate of -7.01 percent compounded annually.

In HDFC Bank, net interest income to total funds ratio increased from 6.66 percent in 2008 to 6.86 percent in 2009 but decreased to 6.00 percent in 2010 and further to 4.14 percent in the year 2015. Analysis revealed that net interest income to total funds ratio in HDFC Bank declined at a significant rate of -7.91 percent compounded annually.

In IND Bank, net interest income to total funds ratio in 2008 was 1.96 percent that increased to the level of 4.09 percent in 2010, but decreased to 3.42 percent in 2011 and further to the level of 3.31 percent in the year 2015. Compounded growth rate of 5.07 percent was non-significant.

NON-INTEREST INCOME TO TOTAL FUNDS:

Table 7: Non Interest Income to Total Funds in Selected Private Sector Banks.

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	0.02	0.53	0.02	0.04	0.75
2009	0.08	0.17	0.06	0	0.6
2010	0.08	0.18	0.12	0.01	0.63
2011	1.73	1.31	2.19	1.73	1.77
2012	1.71	1.29	2.05	1.7	1.97
2013	1.65	1.4	2.09	1.86	2.09
2014	1.84	1.65	2.05	1.78	2.36
2015	1.96	1.67	1.98	1.66	2.46
Average	1.13	1.03	1.32	1.10	1.58
C.V.	78.87	61.58	78.78	81.73	50.12
C.G.R.	96.73	35.53	100.25	156.61	25.18
t-value	3.23*	2.52*	3.06*	1.91	4.33**
Rank	3	5	2	4	1

Source: Compiled from Annual Reports of Selected Banks.

Information regarding non-interest income to total funds ratio in various private sector banks has been presented in table 7

Among selected private sector banks, non-interest income to total funds ratio in ICICI Bank increased from 0.02 percent in 2008 to 1.73 percent in 2011. After decreasing to 1.71 percent in 2012 it achieved the level of 1.96 percent in 2015. The ratio increased significantly at the rate of 96.73 percent compounded annually in this bank.

In YES Bank non-interest income to total funds ratio after coming down from 0.53 percent in 2008 to 0.17 percent in 2009, went up to 1.31 percent in 2011. It reached the level of 1.67 percent in 2015. Non-interest income to total funds ratio increased significantly at the rate of 35.53 percent compounded annually.

Non-interest income to total funds ratio in AXIS Bank showed an increasing trend from 2008 to 2011 as it was 0.02 percent in 2008 and increased to 2.19 percent in 2012 it decreased to 2.05 percent in 2012. But again it reached the level of 1.98 percent in 2015. Non-interest income to total funds ratio increased significantly at the rate of 100.25 percent compounded annually.

The table 7 shows that in HDFC Bank, there was no non-interest income in the year 2009 and in the year 2010 it was only 0.01 percent. It increased to 1.73 percent in 2011. After touching the level of 1.86 percent in 2013 it was 1.66 percent in 2015. The huge growth rate of 156.61 percent was non-significant.

In IND bank, non-interest income to total funds ratio was 0.75 percent in 2008 that decreased to 0.60 percent in 2009. After that it increased continuously and reached the level of 2.46 percent till 2015. The ratio in this bank increased significantly at the rate of 25.18 percent compounded annually.

INTEREST EXPENDED TO TOTAL FUNDS RATIO:

Table 8: Interest Expended to Total Funds in Selected Private Sector Banks.

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	6.31	6.94	4.83	4.36	7.19
2009	5.83	7.48	5.56	5.63	7.34
2010	4.74	5.34	4.04	3.84	5.82
2011	4.41	5.86	4.06	3.76	5.49
2012	5.18	7.07	5.29	4.87	7.11
2013	5.19	7.03	5.59	5.22	7.28
2014	4.9	6.98	5.16	5.08	6.71
2015	4.84	6.59	5.03	4.82	6.42
Average	5.18	6.66	4.95	4.70	6.67
C.V.	11.96	10.68	12.28	14.08	10.55
C.G.R.	-2.69	0.36	1.38	1.64	-0.37
t-value	1.75	0.19	0.66	0.70	0.20
Rank	3	4	2	1	5

Source: Compiled from Annual Reports of Selected Banks.

Interest expended to total funds ratio in selected private sector banks is shown in table 8

Table 8 shows that in ICICI Bank the ratio of interest expended to total funds was 6.31 percent in year 2008. The ratio was 4.84 percent in year 2015 after increasing to 5.18 and 5.19 in 2012 and 2013. The compound growth rate was negative and non-significant at the rate of 2.69 percent.

The ratio in Yes Bank remained fluctuating during the period of study. It was 6.94, 7.48, 5.34, 5.86, 7.07, 7.03, 6.98 and 6.59 percent from 2008 to 2015. It recorded positive non-significant compounded rate i.e. at 0.36 percent.

The figures in the table 8 shows that the ratio of interest expended to total funds in the Axis Bank was 4.83 percent in year 2008 which decreased to 4.04 percent in year 2010. After increasing to 5.59 percent in year 2013, the ratio was 5.03 in the year 2015. The compound growth rate was non-significantly increasing at 1.38 percent.

In HDFC Bank the ratio was 4.36 percent in year 2008 which decreased to 3.76 percent in year 2011. The ratio was at 4.82 percent in year 2015 after touching a level of 5.22 percent in 2013. The compound growth rate was non-significantly increasing at 1.64 percent.

In table8 the ratio in IND Bank decreased to 5.49 percent in year 2011 from 7.19 percent in 2008. After increasing to 7.28 percent in 2013, finally ratio was 6.42 percent in year 2015. The compound growth rate was non-significantly decreasing at .37 percent.

OPERATING EXPENSES TO TOTAL FUNDS RATIO:

Table 9: Operating Expenses to Total Funds Ratio in Selected Private Sector Banks.

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	2.76	2.4	2.51	3.27	1.92
2009	2.6	2.23	2.64	4.38	2.49
2010	2.59	1.88	2.94	3.6	2.63
2011	1.57	1.35	2.12	2.66	2.35
2012	1.67	1.34	2.14	2.62	2.47
2013	1.69	1.49	2.1	2.87	2.58
2014	1.72	1.62	2.08	2.55	2.61
2015	1.75	1.79	2.08	2.46	2.66
Average	2.04	1.76	2.33	3.05	2.46
C.V.	24.82	22.31	14.15	21.77	9.83
C.G.R.	-7.42	-5.05	-4.09	-6.22	3.03
t-value	3.29*	1.80	2.92*	3.15*	2.27
Rank	2	1	3	5	4

Table 9 Shows the Operating Expenses to Total Funds Ratio in Selected Banks.

The ratio of operating expense to total funds in ICICI Bank was 2.76 percent in year 2008 which follows almost decreasing trend. It came down to 1.57 percent in 2011 and 1.75 percent in 2015. The compound growth rate was significantly decreasing at 7.42 percent.

In Yes Bank the ratio was 2.4 percent in 2008 and it followed a decreasing trend till 2012 when it was 1.34 percent. After that it improved somewhere and was 1.79 in 2015. The compound growth rate was non-significantly decreasing at 5.05 percent.

In Axis Bank the rate of operating expenses to total funds was 2.51 percent in year 2008 which increased in next two years, when it was 2.64 and 2.94 percent. The ratio started decreasing from the next year and it was 2.12, 2.14, 2.1, 2.09 and 2.08 percent from 2011 to 2015. The growth rate was significantly decreasing at 4.09 percent.

According to the table9 in HDFC Bank the ratio was 3.27 percent in year 2008. After increasing to 4.38 percent next year it started decreasing. The ratio was 3.6, 2.66, 2.62, 2.87, 2.55 and 2.46 percent from 2010 to 2015. The compound growth rate was decreasing at 6.22 percent which was significant.

In Ind Bank the ratio registered an increasing trend. It was 2.49, 2.63, 2.35, 2.47, 2.58, 2.61 and 2.66 percent from 2008 to 2015. The growth rate was increasing at 3.03 percent which was non-significant.

NET PROFIT TO TOTAL FUNDS RATIO:

Table 10: Net Profit to Total Funds in Selected Private Sector Banks.

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	1.12	1.42	1.17	1.42	0.34
2009	0.96	1.52	1.41	1.42	0.59
2010	1.08	1.61	1.53	1.45	1.12
2011	1.34	1.52	1.6	1.57	1.43

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2012	1.47	1.47	1.61	1.68	1.56
2013	1.65	1.51	1.65	1.82	1.63
2014	1.73	1.55	1.72	1.9	1.76
2015	1.8	1.64	1.74	1.89	1.84
Average	1.39	1.53	1.55	1.64	1.28
C.V.	22.91	4.63	12.05	12.63	43.20
C.G.R.	9.51	1.05	4.88	5.14	24.63
t-value	6.45**	1.62	4.86**	9.81**	4.21**
Rank	4	3	2	1	5

Source: Compiled from Annual Reports of Selected Banks.

In ICICI bank the ratio of net profit to total funds had an increasing trend throughout the period under study except in year 2009 when ratio decreased to 0.96 from 1.12 in 2008. The ratio increased to 1.08, 1.34, 1.47, 1.65 and 1.73 from years 2010 to 2014. It was 1.8 percent in year 2015. The compound growth rate was at 9.51 percent which was significant.

According to above table Yes bank the ratio of net profit to total funds came to be 1.47 percent in 2012 after touching the level of 1.61 percent in 2010 from 1.42 percent in 2008. The ratio increased to 1.64 percent in 2015. The growth rate was non-significantly increasing at 1.05 percent.

In Axis bank the ratio of net profit to total funds had an increasing trend throughout the period of study. The ratio was 1.17, 1.41, 1.53, 1.6, 1.61, 1.65, 1.72 and 1.73 percent from 2008 to 2015. The compound growth rate was significantly increasing at 4.88 percent.

The table shows that in HDFC bank also the ratio of net profit to total funds followed a continuously increasing trend. It was 1.42 percent in year 2008, the ratio increased to 1.61 percent in 2012 and to 1.64 percent in 2015. The growth rate was significantly increasing at 5.14 percent.

In IND Bank the ratio of net profit to total funds was 0.34 percent in year 2008 which increased to 1.56 percent in 2012 and to 1.84 percent in 2015 after following an increasing trend throughout the years under study. The compound growth rate was increasing at 24.63 percent which was significant. The net profit to total funds ratio had an increasing trend in all selected private banks which was significant in all banks except YES Bank where it was non-significant.

CREDIT DEPOSIT RATIO:

Table 11: Credit Deposit Ratio in Selected Private Sector Banks.

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	84.99	73.14	65.94	65.28	65.1
2009	91.44	74.16	68.89	66.64	69.42
2010	90.04	80.52	71.87	72.44	74.4
2011	90.45	77.75	74.65	76.02	76.49
2012	97.71	76.09	76.26	78.06	79.8
2013	99.25	73.2	77.58	80.14	82.28
2014	100.71	72.71	80.03	81.79	86.74
2015	104.72	79.33	84.71	81.71	92.02
Average	94.91	75.86	74.99	75.26	78.28
C.V.	7.02	4.01	8.08	8.67	11.31
C.G.R.	2.79	0.19	3.33	3.54	4.73
t-value	8.14**	0.29	17.17**	8.07**	20.85**
Rank	1	3	5	4	2

Source: Compiled from Annual Reports of Selected Banks.

Table 11 indicates credit deposit ratio of private sector Banks under study

In ICICI bank credit deposit ratio had an increasing trend. It increased from 84.99 percent in 2008 to 97.71 percent in 2012 and to 104.72 percent in year 2015. The compound growth rate was increasing at 2.79 percent which was significant.

The figures shown in table 6.14 indicates that in Yes Bank credit deposit ratio increased to 80.52 in year 2010 from 73.14 percent in 2008. The ratio decreased to 72.71 percent in 2014 but ultimately it was 79.33 percent in year 2015. The compound growth rate was non-significantly increasing at 0.19 percent. The table shows that in Axis Bank the credit deposit ratio was 65.94 percent in year 2008 which increased to 68.89 percent in 2009 year. The ratio after came to be 84.71 percent in year 2015. The ratio of credit deposit had an increasing trend throughout the years under study. The growth rate was significantly increasing at 3.33 percent.

According to the above table in HDFC bank the credit deposit ratio was 65.28 percent in year 2008 which increased to 72.44 percent in year 2010. In year 2015 the ratio was 81.71 percent. The ratio had an increasing trend. The compound growth rate was increasing at 3.54 percent which was significant.

In IND Bank also the ratio followed a increasing trend, it was 65.1 percent in year 2008 which increased to 79.8 percent in 2012 and it was 92.02 percent in last year of the study i.e 2015. The growth rate was increasing at 4.73 percent which was significant.

TOTAL DEBT TO OWNERS FUNDS RATIO:

Table 12: Total Debt to owners fund ration in selected private sector Banks

YEAR	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	IND BANK
2008	5.27	10.06	9.99	8.76	17.16
2009	4.42	9.96	11.19	9.75	15.49
2010	3.91	8.67	8.81	7.78	12.35
2011	4.1	12.11	9.96	8.22	9
2012	4.23	10.51	9.65	8.24	9.39
2013	4.39	11.52	7.63	8.18	7.31
2014	4.53	10.42	7.35	8.45	7.01
2015	4.5	7.81	7.22	7.27	7.24
Average	4.42	10.13	8.98	8.33	10.62
C.V.	9.13	13.77	16.27	8.71	37.17
C.G.R.	-0.72	-0.99	-5.60	-2.20	-12.83
t-value	0.50	0.43	4.22**	2.04	8.31**
Rank	1	4	3	2	5

Source: Compiled from Annual Reports of Selected Banks.

Total debts to owners funds ratio of selected private sector banks has been shown in table 12

In ICICI bank the total debt to own funds was 5.27 percent in year 2008 which decreased to 3.91 percent in 2010. The ratio was 4.1 percent in year 2011 and 4.5 percent in year 2015. The compound growth rate was increasing at 0.72 percent which was non-significant.

Data shown in the table 12 indicates that in Yes Bank the ratio of total debt to own funds decreased from 10.06 percent in year 2008 to 8.67 percent in year 2010, but increased to 12.11 percent in 2011. Ultimately it came to be 7.81 percent in last year of the study i.e 2015. The compound growth rate was non-significantly decreasing at 0.99 percent.

In Axis Bank the ratio of total debt to own funds was 9.99 percent in year 2008 which decreased to 8.81 percent in 2010. The ratio after increasing to 9.65 percent in year 2012, decreased to 7.22 percent in year 2015. The growth rate was significantly decreasing at 5.60 percent.

Table 12 establishes that in HDFC bank the ratio of total debt to own funds came down to 7.78 percent in year 2010 after increasing to 9.75 percent in 2009 from 8.76 in 2008. Finally it was 7.27 percent in 2015

after touching a level of 8.24 percent in 2012. The compound growth rate was decreasing at 2.20 percent which was non-significant.

In IND Bank the ratio followed a continuously decreasing trend throughout the period of study. It was 17.16 percent in year 2008 which decreased to 7.24 percent in 2015. The growth rate was decreasing at 12.83 percent which was significant.

RANKING PATTERN OF BANKS:

Table 13: Ranking Pattern of Selected Private Sector Banks in Case of Management Efficiency

Ratio	ICICI BANK	YES BANK	AXIS BANK	HDFC BANK	INDUS BANK
Table 1	3.5	1	5	3.5	2
Table 2	5	4	3	2	1
Table 3	2	4	1	3	5
Table 4	1	4	2	3	5
Table 5	5	1.5	4	3	1.5
Table 6	5	3.5	2	1	3.5
Table 7	3	5	2	4	1
Table 8	3	4	2	1	5
Table 9	2	1	3	5	4
Table10	4	3	2	1	5
Table11	1	3	5	4	2
Table12	1	4	3	2	5
Total	35.5	38	34	32.5	40
Rank	3	4	2	1	5

Source: Compiled from Annual Reports of Selected Banks.

The ranking pattern of different banks in case of management efficiency has been shown in Table 13. Overall analysis shows that among selected private sector banks, managerial efficiency was best in HDFC Bank followed by AXIS Bank. IND Bank was placed last followed by YES Bank during the period of our study.

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