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Study on Financial Performance of Private Banks in India (Axis Bank, ICICI Bank, Hdfc Bank, Kotak Mahindra Bank)

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ABSTRACT

Healthy economy is depend upon financial service sector of a nation. Scheduled commercial banks occupy an important place in this sector by lending funds and creating savings habits of people. The aim of this study to evaluate financial performance of selected private sector banks in India by using EAGLE model. Private sector banks such as Axis bank, HDFC bank, ICICI bank, Kotak Mahindra bank was selected on the basis of market capitalization. To achieve this objective financial data of selected sample was retrieved from bank's annual reports for the period from 2019-2024 Ranking the banks with the help of EAGLE model and ANOVA test was used too measure variance among the financial variables of a bank. The finding of the study shows

INTRODUCTION

The performance of the Banks is a major concern for any countries trade and its development. It has to manage large volume transactions. Industry related stakeholders, investors, stock holders and other policy makers need to know about the financial performance of a bank for granting credits, loans and investments. RBI and government crossed its hands in finding various ways for the full implementation of international capital norms. In this scenario, it is essential to analyse the financial status of banks by examining the ratio analysis which is the most logical way to examine the present and to predict the future position of any banks.

Moreover, it determines the ability of the bank to meet its current obligations, its operating efficiency and its performance. These ratios not only help to decision making process but also emphasised on internal status of banks and also its performance in market comparing to other banks. So this study aims to examine the financial performance under three major areas like, internal-based performance, market-based performance and performance related to bank's income. By establishing a secure relationship between the variables, a firm can analyse its financial performance in terms of profitability and viability.

SCOPE OF THE STUDY:

The scope of this research is to identify the service quality of HDFC, Axis, ICICI, Kotak Mahindra Banks. This research is based on secondary data. It compares the performance of private sector banks with each other to understand their relative competitive positing. It also offers a holistic approach to evaluate performance of banks in India providing insights for stakeholders such as policymakers, investors.

diversification, and efficient lending practices. Profitability is higher in private banks with better cost management, fee-based income diversification, and efficient lending practices.

OBJECTIVES OF THE STUDY

- To Analyze the earning and asset quality.
- To examine the growth of the organisations.

RESEARCH METHODOLOGY

Secondary data: this data is collected from the financial statements Annual reports ,balance sheet, and income statements from the selected banks. Utilized reports from organizations like RBI.

Statistical tools:

Descriptive Statistics: Mean, median, standard deviation of key metrics.

ANOVA (Analysis of Variance): To compare performance across banks.

REVIEWS

1. Sharma and gupta (2021)

Explored the role of corporate governance in the financial performance of Indian private banks during 2015–2020. The study showed a significant positive relationship between strong governance practices and financial stability. It recommended enhanced board independence and stricter adherence to regulatory norms.

2. Pandey and raj(2021)

Studied the role of big data analytics in improving the decision-making processes of private sector banks during 2016–2021. Findings revealed that data-driven insights enhanced customer segmentation and credit risk assessment, leading to better financial outcomes.

DATA ANALYSIS

TABLE -1 RETURN OF ASSETS

YEAR	AXIS	ICICI	HDFC	KOTAK MAHINDRA
2019	0.63	0.39	1.69	1.69
2020	0.2	0.81	1.71	1.87
2021	1.11	1.42	1.78	0.43
2022	1.21	1.84	1.78	2.13
2023	0.8	2.16	1.78	2.47
2024	1.83	2.37	1.77	2.61
MAXIMUM SUM	5.78	8.99	10.51	11.2
AVERAGE	0.963333	1.498333	1.751667	1.866666667
RANK	4	3	2	1

SOURCE : Researcher compilation

The above table explains earnings of banks reflects business of a banks, profitability and growth of the bank .shows that return on assets of sample over the period from 2019 to 2024. All banks except Kotak Mahindra earned continues ROA 1.69 to 11.2 from the year 2019 to 2024 after that HDFC bank shows continues ROA 1.69 to 10.51 from the year 2019 to 2024 . Axis bank shows least in ROA i.e.,0.63 to 5.78 from the year 2019 to 2024 this is because of decrease in net profit of the bank and secured 4th rank in terms of ROA . ICICI bank has earned the minimal ROA ratio i.e, 0.39 to 8.99 from the year 2019 to 2020 there is an increase in the ratios that shows the net profit of the bank .Therefore axis bank shows huge decrease in the net profit of a bank . Kotak Mahindra has secured first position in ROA parameter at last six years average (1.86%), followed by HDFC BANK (1.75%) , ICICI BANK(1.49%), AXIS BANK (0.96%).

TABLE 2 : ANOVA TEST

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	3.78485	5	0.75697	2.925538	0.048726	2.901295
Columns	2.905167	3	0.968389	3.74263	0.034472	3.287382
Error	3.881183	15	0.258746			
Total	10.5712	23				

The above anova test results shows that null hypothesis is rejected.

TABLE 3: GROSS NPA

YEAR	AXIS	ICICI	HDFC	KOTAK MAHINDRA
2019	5.26	6.7	1.36	2.14
2020	4.86	5.53	1.26	2.25
2021	3.7	4.96	1.32	3.25
2022	2.82	3.6	1.17	2.34
2023	2.02	2.81	1.12	1.78
2024	1.43	2.16	1.24	1.39
SUM	20.09	25.76	7.47	13.15
AVERAGE	3.348333	4.293333	1.245	2.191666667
RANK	2	1	4	3

SOURCE :Researcher compilation

The above table indicates that ICICI bank gross NPA from the period 2019 to 2024 .Highest percentage of gross NPA was registered by the AXIS BANK :5.26% In 2019 , ICICI BANK : 6.7 % IN 2019 , HDFC BANK : 1.36% IN 2019 , KOTAK MAHINDRA BANK : 3.25% IN 2021 . ICICI bank (4.29333%) registered first position in terms of gross NPA ratio followed by AXIS BANK (3.34833%) , HDFC BANK (1.245) , AND KOTAK MAHINDRA BANK (2.191666667%).

TABLE 4 : ANOVA TEST

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	16.98097	5	3.396194	4.315558	0.012405	2.901295
Columns	31.89065	3	10.63022	13.50786	0.000154	3.287382
Error	11.80448	15	0.786965			
Total	60.6761	23				

The anova test results shows that null hypothesis is rejected.

CONCLUSIONS

- This study finds that AXIS Bank is not only leading private sector bank but it's has vast range of products and availability of options make it one of better bank in India .
- Axis bank also focus on retaining their customers.
- HDFC maintains one of the lowest gross and net NPA ratios Indian banks
- HDFC maintains a low cost-to-income ratio for better operational efficiency.
- ICICI Bank maintains a healthy capital adequacy ratio above regulatory requirements.
- Kotak has strong CAR well above RBI requirements.
- Ensures long-term stability and compliance with basel III norms with high tire 1 capital.

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