



A study on comparative financial analysis between ICICI Bank and SBI Bank

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Abstract

A bank is a financial institution that accepts deposits from the public and creates credit. Lending activities can be performed either directly or indirectly through capital markets. Due to their importance in the financial stability of a country, banks are highly regulated in most countries. Most nations have institutionalized a system known as fractional reserve banking under which banks hold liquid assets equal to only a portion of their current liabilities. In addition to other regulations intended to ensure liquidity, banks are generally subject to minimum capital requirements based on an international set of capital standards, known as the Basel Accords.

Keywords: lending activities, current liabilities and current liabilities

Introduction to Banking Sector

Banking in its modern sense evolved in the 14th century in the prosperous cities of Renaissance Italy but in many ways was a continuation of ideas and concepts of credit and lending that had their roots in the ancient world. In the history of banking, a number of banking dynasties –notably, the Medicis, the Fuggers, the Welsers, the Berenbergs and the Rothschilds – have played a central role over many centuries. The oldest existing retail bank is Banca Monte dei Paschi di Siena, while the oldest existing merchant bank is Berenberg Bank.

Statement of the problem

Efficiency and profitability of the banking sector in India has assumed primal importance due to intense competition, greater customer demands and changing banking reforms. Since competition cannot be observed directly, various indirect measures in the form of simple indicators or complex models have been devised and used both in theory and in practice. This study attempts to measure the relative performance of Indian banks. For this study, we have used public sector banks and private sector banks. We know that in the service sector, it is difficult to quantify the output because it is intangible.

Objectives of the study

1. To compare the profit earning of the selected public sector banks and private sector banks from the year 2013 to 2017.
2. To investigate the factors affecting the profit earning of the selected banks during the period.
3. To analyze and compare the performance between the selected nationalized bank that is SBI bank and private bank that is ICICI bank.
4. To understand the financial position, liquidity position and the profitability position of the bank.
5. To understand and implement the key ratios applicable in the banking industry.

6. To suggest suitable measures and recommendations to improve the performance and efficiency of Indian banks.
7. Measuring productivity of the banking sector in India.

Scope of the study

This study attempts to provide an insight into financial performance of Public sector bank that is SBI and private sector bank that is ICICI in India. It also highlights the significant relationships of the financial performance of the banks over the period of five financial years through different ratios.

The report also aims at interpreting the various ratios and metrics which will result in a qualitative and quantitative analysis of the performance of banks in India.

It also helps in comparing the actual results with the standard results so as to take corrective measures at the right time.

Research Methodology

In the study undertaken both private bank and nationalized bank that is ICICI bank and SBI bank have been considered. The selection of these two banks was based on the performance of the banks among the other competitive banks. The main reason to choose SBI as the nationalized bank is that the bank stands a top all the other banks in terms of assets and capitalization. And the reason to choose ICICI bank among the other private banks is that it stands top among the other private players.

While preparing a report the most important element is data, which provides the information needed for analysis and interpretation. Data can be classified as primary or secondary data.

Primary Data

Primary data are those data that are collected for the first time and they are original in character.

Secondary Data

Secondary data are those data which are already collected by someone else for a purpose and are available for the present study.

The data used in the comparative study of Private sector Banks and public sector banks is largely secondary in nature. The data has been collected from the following sources:

- Annual reports of the Banks
- Industry journals
- Investment Magazines
- News articles
- Bank website
- Research papers
- Reserve Bank of India monthly bulletin

This data has been used to analyze the balance sheet figures of the company, as well as to ascertain the industry benchmarks and other metrics.

Sampling Technique

- Sample Unit: Any single bank operating in India.
- Sample Size: For the in-depth analysis of the profitability, three major public sector and three private sector banks are selected on the basis of their Total Assets from the year 2013 to 2017.
- Sampling Technique: Judgmental sampling.

Tools of data collection

The research undertaken is mainly based on secondary data. The relevant financial details were collected mainly from the annual reports of the selected banks.

Plan of analysis

The data collected from the above-mentioned primary and secondary sources was processed and tabulated for easy interpretation. Wherever possible, the facts and figures were then represented in tabular and graphical form.

After data representation, analysis and interpretation has been done with regard to a few selected parameters of performance. Such data was then interpreted and generalizations and recommendations were developed.

The collected data is in the form of tables and graphs and inference from these statistical representations are made. Suitable statistical techniques are used for data analysis like ratios and coefficient correlation.

Reference Period

This research project is undertaken by referring and analyzing the annual reports, balance sheets and yearly results of the banks for the period 2013-2017.

Limitations of the study

- The study faced the following constraints:
- The confidentiality of certain financial figures and parameters affecting financial performance of One Source has posed a strong obstacle in this analysis.
 - Most of the information collected was secondary data and hence accuracy may have been compromised.
 - Since most of the secondary data has been collected from multiple sources, there may be a conflict in the data

presented as it varies from source to source.

- Owing to the fact that this study is a student report, there were financial constraints which hindered the collection of precise and authentic data.
- The study has made a conclusion based on one company in the Architecture Industry, and hence, suffers from generalization and therefore, the conclusion might not be universal to the sector.
- There may be sampling and non-sampling errors to a certain extent.

Table 1: Showing Dividend per share of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage Change	SBI	Percentage change
2013	20.00	-	41.50	-
2014	23.00	(15)	30.00	27.71
2015	5.00	75	3.50	91.56
2016	5.00	75	2.60	93.73
2017	2.50	87.5	2.60	93.73

$$\text{Dividend per share} = \frac{\text{Total dividend}}{\text{Number of Shares}}$$

Analysis

The above table shows the dividend per share of ICICI bank and SBI bank over the period of years 2013-2017. By taking the year 2013 as the base year rate we observe that the dividend per share of both ICICI bank and SBI bank are good with a little fluctuation trend. But the dividend per share decreases drastically in the year 2015 for both the banks, and gradually decreases in the coming years that is 2016 and 2017.

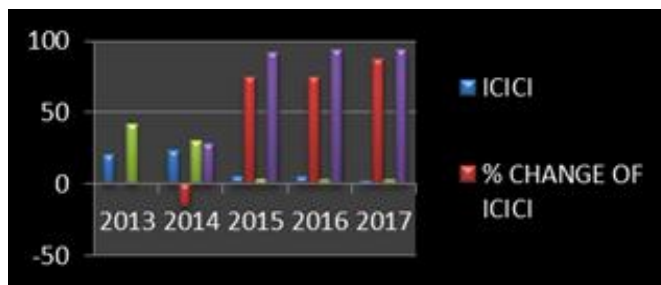


Fig 1: Showing dividend per share of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The graph represents that both ICICI bank and SBI bank have their best dividend policy return in the financial years 2013 and 2014. Over the years the dividend per share of ICICI bank has decreased drastically by a percentage of more than 75%, and dividend per share of SBI bank has a decrease in percentage by 73%. Which shows that both the banks are not performing that great in the market. This percentage decrease in the dividend per share of both ICICI bank and SBI bank might be due to the following reasons: Firstly, the banks might have decreased the dividends in order to reduce their debts. Secondly, they might have reduced their dividends due to poor earnings.

Table 2: Showing operating profit per share of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	46.36	-	236.63	-
2014	58.45	(26.08)	199.45	15.71
2015	14.15	69.48	23.38	90.12
2016	15.89	65.72	21.64	90.85
2017	13.29	71.33	22.17	90.63

$$\text{Operating profit ratio} = \frac{\text{Operating profit}}{\text{Net sales}}$$

Where, Operating profit = Net sales-(Cost of goods sold + Administrative and office expenses + selling and distribution expenses).

Analysis

From the above table it is clear that 2013 is taken as the base rate year. And it shows that the operating profit per share of ICICI bank has a fluctuating trend, with a decrease in the operating profit ratio through the years. Whereas, the operating profit per share of SBI bank as we see has a very drastic decrease in the operating profit ratio over the years.

C) Net Operating Profit per share

Table 3: Showing net operating profit per share of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	347.66	-	1,749.29	-
2014	382.97	(10.16)	1,826.36	(4.41)
2015	84.68	75.64	204.13	88.33
2016	90.70	73.91	210.86	87.94
2017	92.98	73.25	220.13	87.42

$$\text{Net Operating Profit} = \text{Total Income} - \text{Total Expenses}$$

Analysis

The above table shows that the year 2013 is taken as the base year rate. It shows that the net operating profit of ICICI bank has a fluctuating decrease over the years. And a similar situation is seen even in the case of SBI bank regarding their net operating profit, both have negative return in the year 2014.

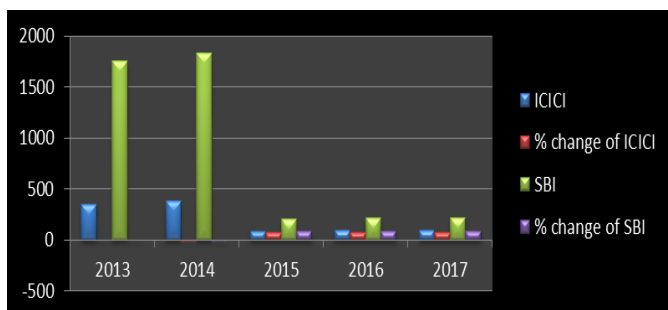


Fig 3: Showing net operating profit per share of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the net operating profit of ICICI

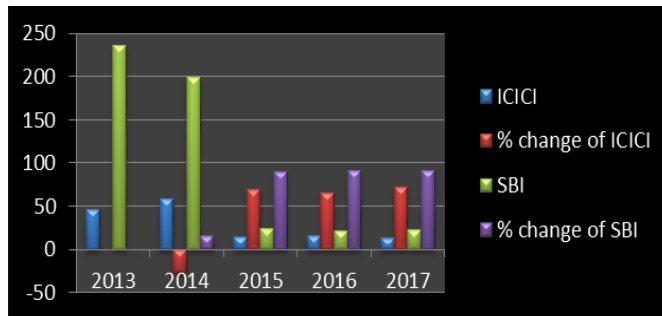


Fig 2: Showing operating profit per share of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents that ICICI bank has a improving operating profit ratio over the years, and the operating profit ratio is at its best during the year 2017 when compared to the previous years. And SBI bank has a very low operating ratio during the year 2014 but, the immediate next year that is 2015 it has shown a high increase in the operating profit ratio and, it remains almost same in the next two years that is 2016 and 2017 with a very negligible fluctuation. Hence, it is clear that both ICICI bank and SBI bank have made good profit after removing all the operating expenses.

bank and SBI bank for the period 2013-2017. It is clearly observed that the year 2014 had been bad for both the banks as they had negative returns. And in the next year that is 2015, both ICICI bank and SBI bank had a good amount of increase in their net profit ratio, which continued to remain in the next two years that is 2016 and 2017 with a very slight fluctuation which is good sign of increase in profits for an organization.

Table 4: Showing net profit margin of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	20.77	-	11.78	-
2014	22.20	(6.88)	7.98	32.26
2015	22.76	(9.58)	8.59	27.08
2016	18.44	11.22	6.07	48.47
2017	18.09	12.90	5.97	49.32

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Net Sales}}$$

Analysis

The above table shows that the year 2013 is taken as the base

rate year. It shows that the net profit margin of ICICI bank has a fluctuating trend with a slight decrease through the years. And in case of SBI bank has a very low profit margin with a downfall in the ratio.

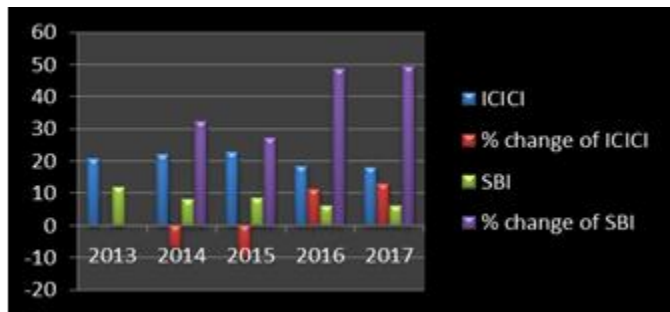


Fig 4: Showing net profit margin of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the net profit margin of ICICI bank and SBI bank for the years 2013-2017. The above graph clearly shows that ICICI bank had negative returns during the years 2014 and 2015, and had a fluctuating increase in the next two years that is 2016 and 2017. Whereas, SBI bank had an average profit margin during the year 2014 but there was a downfall during the year 2015. And the next two years being

2016 and 2017 it saw a very good hike in their net profit margin, this shows that both the banks gained profits over the years.

Table 5: Showing return on long term funds of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	56.37	-	96.35	-
2014	56.92	(0.98)	87.28	9.41
2015	57.03	(1.17)	90.85	5.71
2016	50.29	10.78	83.57	13.26
2017	46.54	17.44	82.01	14.88

$$\text{Return on Long Term Funds} = \frac{\text{Operating Profit}}{\text{Long Term Funds}}$$

Analysis

The above table representation shows that the year 2013 is taken as the base rate year. It can be clearly depicted that the return on long term funds of ICICI bank has decreased throughout, with negative returns in the years 2014 and 2015. Whereas, in case of SBI bank we can see a fluctuating decrease in return on long term funds over the years.

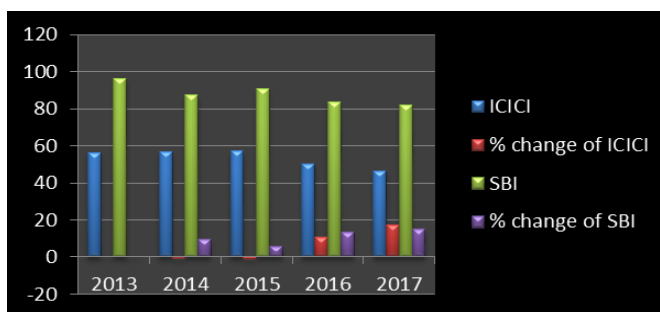


Fig 5: Showing return on long term funds of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the return on long term funds of ICICI bank and SBI bank for the years 2013-2017. The years 2014 and 2015 have been the years of negative returns for ICICI bank, but the next two years that is 2016 and 2017 it has

seen a rise in the returns with the year 2017 being the year with highest long term fund returns. In case of SBI bank there is a fluctuating increase in the return on long term funds with the year 2017 being the highest and the year 2015 being the year of least returns.

Table 6: Showing return on net worth of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	12.48	-	14.26	-
2014	13.40	(7.37)	9.20	35.48
2015	13.89	(11.29)	10.20	28.47
2016	11.19	10.34	6.89	51.68
2017	10.11	18.99	6.69	53.08

$$\text{Return on Net worth} = \frac{\text{Net Income}}{\text{Shareholder's equity}} \times 100$$

Analysis

The above table shows the return on net worth of ICICI bank

and SBI bank for the years 2013-2017. Taking the year 2013 as the base rate year it is seen that there is a downfall of return on net worth in case of ICICI bank. Whereas, in case of SBI bank the return on net worth has a drastic decrease over the years.

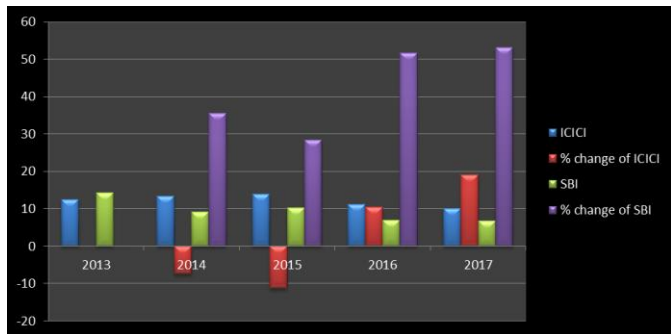


Fig 6: Showing return on net worth of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the return on net worth of ICICI bank and SBI bank for the years 2013-2017. The returns of ICICI bank during the years 2014 and 2015 were negative as seen on the graph, but it saw an increase during the years 2016 and 2017 where the year 2017 was the best performed year. Whereas, the return on net worth of SBI bank has increased over years with a slight dip in the ratio during the year 2015 compared to 2014. But made it up in the next two years that is

in the year 2016 and 2017, with 2017 being the year of most returns. This reveals that both ICICI bank and SBI bank have made profits with the money invested by the shareholders.

Interest Income to Total Funds

Table 7: Showing interest income to total funds of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	7.93	-	8.25	-
2014	7.81	1.51	8.12	1.57
2015	7.91	0.25	7.94	3.75
2016	7.73	2.52	7.60	7.88
2017	7.29	8.07	7.12	13.69

Analysis

The above table shows the interest to total funds ratio of ICICI bank and SBI bank for the years 2013-2017. It is seen that the ratio of ICICI bank is constant with a very minimal fluctuation throughout. Whereas, in case of SBI bank there is a fluctuating decrease in the interest to total funds ratio through the years.

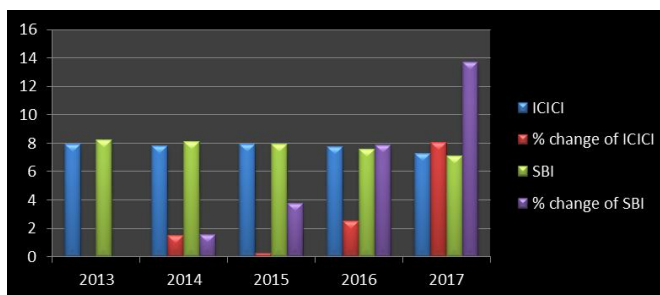


Fig 7: Showing interest income to total funds of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the interest to income funds ratio of ICICI bank and SBI bank for the years 2013-2017. By seeing the graph of ICICI bank it is clearly depicted that there is an increase in the ratio except in the year 2015, where there is a downfall. But manages to gain back in the year 2016 and

in the year 2017 there is a very good increase in the ratio. In case of SBI bank the ratio increases gradually over the years 2013-2017 showing a steady increase in funds coming into the bank, with 2017 being best year with highest amount of incoming funds.

Net Interest Income to Total Funds

Table 8: Showing net interest income to total funds of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	2.74	-	3.06	-
2014	2.91	(6.20)	2.93	4.25
2015	3.07	(12.04)	2.87	6.21
2016	3.11	(13.50)	2.64	13.72
2017	2.92	(6.57)	2.51	17.97

Analysis

The above table shows the net interest income to total funds ratio of ICICI bank and SBI bank for the years 2013-2017. It is clearly seen that ICICI bank has a fluctuating decrease in

the ratio with negative returns in all the years. Whereas, the net interest to total funds ratio of SBI bank has a downfall in the ratio over the years.



Fig 8: Showing net interest income to total funds of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph representation shows the net interest income to total funds ratio of ICICI bank and SBI bank for the period 2013-2017. It is seen that the year 2013 is taken as the base rate year, reference to which it is observed that ICICI bank has seen a fluctuating decrease in their net interest to total funds ratio with negative returns throughout 2013-2017. Whereas, the net interest to total funds ratio of SBI bank sees a gradual increase in their ratio with the year 2017 being the highest performing year. This shows that ICICI bank incurred losses over the years 2013-2017 but SBI bank performed well with good profits.

Operating Expenses to Total Funds

Table 9: Showing operating expenses to total funds of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	1.69	-	1.94	-
2014	1.72	(1.77)	2.05	(5.67)
2015	1.75	(3.55)	1.96	(1.03)
2016	1.76	(4.14)	1.86	4.12
2017	1.88	(11.24)	1.79	7.73

Analysis

The above table shows the operating expenses to total funds ratio of ICICI bank and SBI bank for the years 2013-2017. It is seen that the year 2013 is taken as the base rate year, from the table it is clear that the operating expenses to total funds ratio of ICICI bank has a fluctuating increase in their ratio over the years. In case of SBI bank the operating expenses to total funds ratio has a fluctuating decrease through the years.

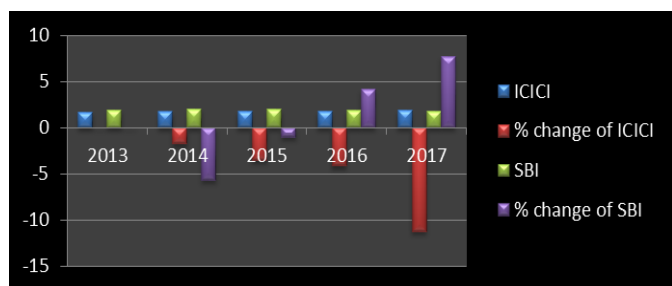


Fig 9: Showing operating expenses to total funds of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the operating expenses to total funds ratio of ICICI bank and SBI bank for the period 2013-2017. In case of ICICI bank the operating expenses to total funds ratio has decreased drastically over the years with negative returns, this shows that ICICI bank was under loss during the period which shows that ICICI bank did not perform well during the years 2013-2017. In the year 2014 the operating expenses to total funds ratio is the least with negative return and in the year 2015 shows a little increase in the ratio, and the next two years that is 2016 and 2017 there is increase in the ratio with the year 2017 being the highest.

Net Profit to Total Funds

Table 10: Showing net profit to total funds of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	1.65	-	0.97	-
2014	1.73	(4.84)	0.65	32.99
2015	1.80	(9.09)	0.68	29.89
2016	1.43	13.33	0.46	52.57
2017	1.32	20.00	0.43	55.67

Analysis

The above table represents the net profit to total funds ratio of ICICI bank and SBI bank for the years 2013-2017. It is seen that the year 2013 is taken as the base rate year, it is seen that the ratio of ICICI bank has a fluctuating decrease over the years. Even SBI bank has a fluctuating decrease in the net profit to total funds ratio through the years.

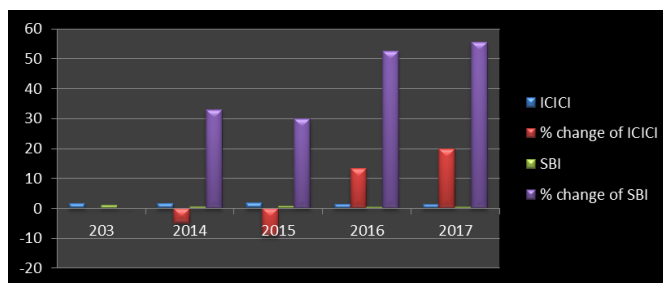


Fig 10: Showing net profit to total funds of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the net profit to total funds ratio of ICICI bank and SBI bank for the years 2013-2017. During the years 2014 and 2015 the net profit to total funds ratio of ICICI bank has a fluctuating decrease with negative returns, but manages to perform better in the next two years that is 2016 and 2017 with the year 2017 having the highest ratio which means it made maximum profits in that year. And whereas, in case of SBI bank the net profit to total funds ratio has positive return throughout with the 2017 being the year of very good profits which means SBI bank manages its funds to produce profits efficiently.

Table 11: Showing asset turnover ratio of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	0.08	-	0.09	-
2014	0.08	0	0.09	0
2015	0.08	0	0.08	11.11
2016	0.08	0	0.08	11.11
2017	0.08	0	0.08	11.11

$$\text{Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

Analysis

The above table shows the asset turnover ratio of ICICI bank and SBI bank for the years 2013-2017. It is seen that the year 2013 is taken as the base rate year, the table shows that the asset turnover ratio of ICICI bank has remained constant throughout. Whereas, for SBI bank we can see a constant downfall in the asset turnover ratio over the years.

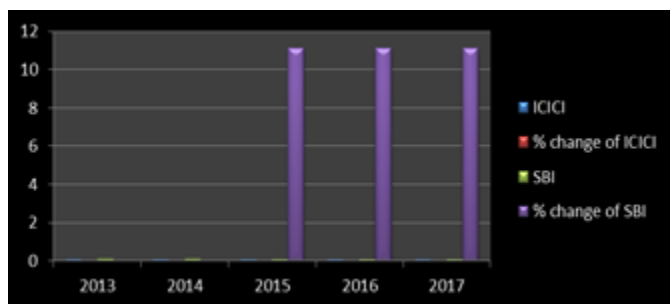


Fig 11: Showing asset turnover ratio of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the asset turnover ratio of ICICI bank and SBI bank for the years 2013-2017. It is clearly seen that the asset turnover ratio of ICICI bank has remained constant with zero over the whole period 2013-2017. And in case of SBI bank we can see a zero in the year 2014 and the asset turnover ratio increases to 11.11% during the 2015 and continues to remain constant in the next two years that is 2016 and 2017. This increase in ratio implies that SBI bank is generating more revenue per asset.

Investment Deposit Ratio

Table 12: Showing investment deposit ratio of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	60.38	-	29.52	-
2014	55.79	7.60	28.85	2.27
2015	52.43	13.16	30.07	(1.86)
2016	44.32	26.59	29.39	0.44
2017	35.32	41.50	32.93	(11.55)

Analysis

The above table shows the investment deposit ratio of ICICI

bank and SBI bank for the years 2013-2017. We can see that the year 2013 is taken as the base rate year, for ICICI bank the investment deposit ratio has a downfall over the years. And in case of SBI bank it is seen that the investment deposit ratio has a fluctuating increase with negative returns.

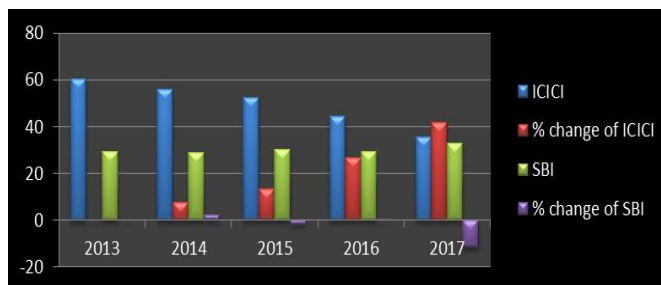


Fig 12: Showing investment deposit ratio of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the investment deposit ratio of ICICI bank and SBI bank for the years 2013-2017. It is clearly observed that ICICI bank has shown a very good increase in the ratio through the years with the year 2017 being the highest ratio compared to the previous years. But in case of SBI bank the investment deposit ratio has a fluctuating decrease with negative returns which shows that SBI has no good returns and did not perform well during the years 2013-2017.

Table 13: Showing cash deposit ratio of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	7.21	-	5.34	-
2014	6.54	9.29	5.81	(8.80)
2015	6.85	4.99	6.76	(26.59)
2016	6.74	6.52	7.42	(38.95)
2017	6.45	10.54	6.82	(27.72)

Analysis

The above table shows the cash deposit ratio of ICICI bank and SBI bank for the years 2013-2017. It is seen that the year 2013 is taken as the base rate year, it is observed that the cash deposit ratio of ICICI bank has decreased over the years. In case of SBI bank the cash deposit ratio has a fluctuating decrease through the years with negative return.

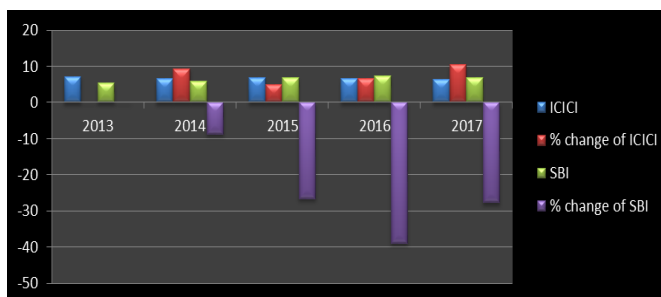


Fig 13: Showing cash deposit ratio of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the cash deposit ratio of ICICI bank and SBI bank for the years 2013-2017. The cash deposit ratio of ICICI bank has seen a fluctuating increase over the years with positive returns, which shows that ICICI bank has enough money to lend which is the main banking activity. Whereas, in case of SBI bank the cash deposit ratio shows a fluctuating decrease with negative returns throughout which shows that the bank had no money to lend.

Table 14: Showing current ratio of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	0.09	-	0.04	-
2014	0.09	0	0.03	25
2015	0.06	33.33	0.04	0
2016	0.13	(44.44)	0.07	(75)
2017	0.12	(33.33)	0.07	(75)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Analysis

The above table shows the current ratio of ICICI bank and SBI bank for the years 2013-2017. It is seen that the year 2013 is taken as the base rate year, we can see a fluctuating trend in the current ratio of ICICI bank through the years with negative returns. And in case of SBI bank the current ratio has increased over the years.



Fig 14: Showing current ratio of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the current ratio of ICICI bank and SBI bank for the years 2013-2017. The current ratio of ICICI bank is really low in all the years except for the year 2015 where it increased to 33.33% and again had a downfall with negative returns in the other two years 2016 and 2017. Which clearly shows that ICICI bank is facing problems in meeting short term obligations. Whereas, in case of SBI bank only the year 2014 shows the best performance and the rest three years that is 2015-2017 has a major downfall from 0-75% which shows the bank is not performing well and is having problems in meeting its short term obligations. Have to be sold quickly, the company may have to accept a lower price than the book value. This is the difference between the quick ratio and the current ratio, which includes all current assets in its calculation including inventory.

Table 15: Showing quick ratio of ICICI bank and SBI bank for the year 2013-2017.

Years	ICICI	Percentage change	SBI	Percentage change
2013	10.53	-	12.15	-
2014	11.31	(7.41)	13.88	(14.24)
2015	13.81	(31.15)	10.78	11.27
2016	14.97	(42.16)	10.84	10.78
2017	16.31	(54.89)	11.94	1.73

Analysis

The above table shows the quick ratio of ICICI bank and SBI bank for the years 2013-2017, with the year 2013 taken as the base rate year. It is seen that the quick ratio of ICICI bank has gradually increased over the years with negative returns. Whereas, in case of SBI bank the quick ratio shows a fluctuating trend through the years.

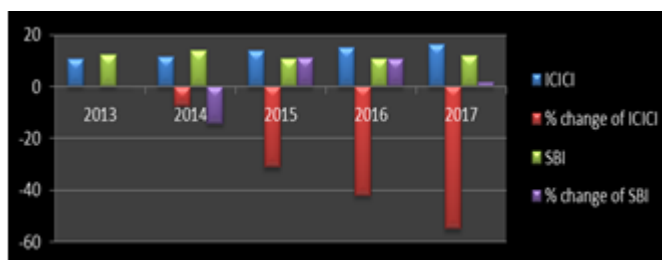


Fig 15: Showing quick ratio of ICICI bank and SBI bank for the year 2013-2017.

Interpretation

The above graph represents the quick ratio of ICICI bank and SBI bank for the years 2013-2017. The graph shows that the quick ratio of ICICI bank has decreased drastically over the years with negative returns, which means that the bank is depending on inventory or other assets to meet its short term liabilities. In case of SBI bank the quick ratio shows a negative return in the year 2014 which means that the bank had no money to meet short term liabilities, but managed to perform well during the years 2015 and 2016 to meet the short term liabilities. And again there is a decrease in the ratio during the year 2017 by 1.73% which means the bank did not perform well unlike the previous two years.

Summary of Findings

1. Dividend per share of both ICICI bank and SBI bank are good with a little fluctuation trend. But the dividend per share decreases drastically in the year 2015 for both the banks.
2. Operating profit per share of ICICI bank has a fluctuating trend, with a decrease in the operating profit ratio through the years. Whereas, the operating profit per share of SBI bank as drastic decrease in the operating profit ratio over the years.
3. The net operating profit of ICICI bank has a fluctuating decrease over the years. And a similar situation is seen even in the case of SBI bank regarding their net operating profit, both have negative return in the year 2014.
4. The net profit margin of ICICI bank has a fluctuating

trend with a slight decrease through the years. And in case of SBI bank has a very low profit margin with a downfall in the ratio.

5. The return on long term funds of ICICI bank has decreased throughout, with negative returns in the years 2014 and 2015. Whereas, in case of SBI bank we can see a fluctuating decrease in return on long term funds over the years.
6. There is a downfall of return on net worth in case of ICICI bank. Whereas, in case of SBI bank the return on net worth has a drastic decrease over the years.
7. The interest to total funds ratio of ICICI bank is constant with a very minimal fluctuation throughout. Whereas, in case of SBI bank there is a fluctuating decrease in the interest to total funds ratio through the years.
8. ICICI bank has a fluctuating decrease in the net interest to total funds ratio with negative returns in all the years. Whereas, the net interest to total funds ratio of SBI bank has a downfall in the ratio over the years.
9. The operating expenses to total funds ratio of ICICI bank has a fluctuating increase in their ratio over the years. In case of SBI bank the operating expenses to total funds ratio has a fluctuating decrease through the years..
10. The net profit to total funds ratio of ICICI bank has a fluctuating decrease over the years. Even SBI bank has a fluctuating decrease in the net profit to total funds ratio through the years.
11. The asset turnover ratio of ICICI bank has remained constant throughout. Whereas, for SBI bank we can see a constant downfall in the asset turnover ratio over the years.
12. The investment deposit ratio has a downfall over the years. And in case of SBI bank it is seen that the investment deposit ratio has a fluctuating increase with negative returns.
13. The cash deposit ratio of ICICI bank has decreased over the years. In case of SBI bank the cash deposit ratio has a fluctuating decrease through the years with negative return.
14. The current ratio of ICICI bank has a fluctuating trend through the years with negative returns. And in case of SBI bank the current ratio has increased over the years.
15. The quick ratio of ICICI bank has gradually increased over the years with negative returns. Whereas, in case of SBI bank the quick ratio shows a fluctuating trend through the years.

Suggestions/Recommendations

1. The dividends for both ICICI bank and SBI bank are good till the current year. This can be continued by increasing the bank's net profit out of which the dividend is paid or by shifting the bank's growth strategy.
2. Both ICICI bank and SBI bank are performing well currently by analyzing their operating profit ratio over the years. Both the banks need to continue increasing their sales by reducing their expenses to gain profits.
3. The net operating profit of ICICI bank is comparatively less than that of SBI bank. ICICI bank should increase its operating profit by reducing certain operating costs like legal fees, consulting services fees, postage and

stationary, etc.

4. The net profit margin of ICICI bank is lesser compared to SBI bank. ICICI bank should increase their net profit margin by decreasing their selling expenses, general expenses and administrative expenses.
5. The return on long term fund for ICICI bank is good compared to that of SBI bank. This shows that the investors of ICICI bank are quiet happy and ICICI bank has the ability to attract new investors.
6. The return on net worth of SBI bank is the best currently whereas, the net worth of ICICI bank is very bad. This indicates that SBI bank is performing better than ICICI bank, which indicates that SBI bank is generating more profits with the money that equity shareholders have invested.
7. The interest income to total funds ratio of SBI bank is comparatively better than ICICI bank. This means that the excess revenue that is generated from the interest earned on assets over the interest paid out on the deposits by SBI bank is the net interest income.
8. The net interest income to total funds ratio of SBI bank is better compared to that of ICICI bank, which shows that SBI bank is performing well. Therefore, interest earned on assets by SBI bank is bringing the profits to the bank.
9. The operating expenses to total funds ratio of SBI bank is better than ICICI bank. So, ICICI bank should cut down on operating expenses such as management fees, transaction costs, etc to perform better.
10. The net profit to total funds ratio of SBI bank is better than ICICI bank. This shows that SBI bank's money left over after paying all the expenses has earned its good net profit.
11. The asset turnover ratio of SBI bank is comparatively better than ICICI bank. The high ratio of SBI bank implies that the bank generates more revenue per asset.
12. The investment deposit ratio of ICICI bank is good but the ratio of SBI bank has negative returns which shows that it is not performing well. This means that ICICI bank has a good ability to cover withdrawals made by the bank's customers.
13. The cash deposit ratio of ICICI bank is very good and the ratio of SBI bank has negative returns over the years. This clearly shows that ICICI bank has more money to lend to their customers, which is the core banking activity.
14. The ICICI bank has its best return on current ratio during the year 2015 and presently under negative returns. Whereas, SBI bank has its best return on current ratio during the year 2014 and after that till presently has negative returns. This clearly implies that both the banks have problems in meeting their short term obligations, therefore the banks should not depend on short term liabilities so much and should go for long term loans.
15. The quick ratio of SBI bank is better compared to ICICI bank. Considering the quick assets that is cash, marketable securities and account receivable. SBI bank is performing well currently and therefore the bank's ability to pay its current liabilities are high.

Conclusion

With years of banking experience, both ICICI bank and SBI

bank are undoubtedly in a strong position to help growing business sail through the complexities they may face. Both the banks offer one of the widest range of banking products and services in the market today. Managing a growing business demands most if the time and energy. That is why working with the right bank can help one's business sail more smoothly and the banks help in doing that as it understands today's business requirements. The bank provides the right kind of services and accounts at the right time and according to the need of the market.

On comparing the various ratios it can be concluded that compared to ICICI bank, SBI bank has a better position in the market. ICICI bank should take immediate actions to grow and make the lead in the banking industry. So that ICICI bank can give tough competition to public sector banks like SBI.

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