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## A STUDY OF FINANCIAL PERFORMANCE OF NEW PRIVATE SECTOR BANKS: A COMPARATIVE ANALYSIS OF HDFC BANK, ICICI BANK AND AXIS BANK.

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### ABSTRACT:

Now-a-days banking sector acts as the backbone of modern business. Development of any country mainly depends upon the banking system. A bank is a financial institution which deals with deposits and advances and other related services and receive money from those who want to save in the form of deposits and it lends more to those who need it. The 1990s saw partial liberalization of the banking industry and the emergence of new private sector banks as well as international banks. Liberalization brought out the best in the industry by inducing competitive spirit among various banks. Since then some of the new private sector banks have grown a lot and are challenging even the existing by public sector banks. The present paper is an attempt to evaluate the growth and performance of selected three newly private banks in India. For the purpose of the study, secondary data from the annual reports of the banks under study for the period of ten years i.e. 2010-11 to 2019-20. Various financial ratios are selected for the present study and some statistical tools used i.e. mean, standard deviation, coefficient of variance etc. The study is set out to apply growth rate of evaluate performance of selected banks through different variables like deposits, advances, total income, total expenditure, net profit and check the efficiency of the banks through different ratio. The study revealed that the financial performance of the HDFC Bank is continuously in good condition due to leading bank in the terms of deposits, advances, total income, total expenditure, followed by ICICI Bank and Axis Bank. ICICI Bank stood first in advance return on advances and had lowest cost of deposits and lowest net non-performing assets to net advances followed by Axis Bank and ICICI Bank. In order to improve the profit, the bank should control the non performing assets.

**KEYWORDS:** Private sector Banks, Performance, NPA, Profitability

### 1. INTRODUCTION:

Banking sector is one of the fastest growing sectors and a lot of funds are invested in banks. Indian banking is the lifeline of the nation and its people. As a result, many private sectors have come up with new variety of products and services. In January 1993, Reserve Bank of India announced guidelines for entry of new commercial banks. The new private sector banks came into operation after 1991 with the introduction of economic reforms and financial sector reforms. Banking

regulation act was amended in 1993, which permitted the entry of new private sector banks in the Indian banking sector. There are certain criteria set for establishment of the new private sector banks. The bank should have a minimum net worth of 100 cores. Axis Bank, Bandhan Bank, HDFGC Bank, Dhanlaxmi Bank, Federal Bank, ICICI Bank, Kotak Mahindra Bank, IDFC First Bank, Jammu & Kashmir Bank, Indusind Bank, Karnataka Bank, Karur Vysya Bank, Lakshmi Vilas Bank, Nainital Bank, RBL Bank, South India Bank, Tamilnad Mercantile Bank, Yes Bank, IDBI Bank, DCB Bank, City Union Bank, and CSB Bank are the private banks in India.

HDFC Bank (Housing Development Finance Corporation) was incorporated in August 1994 with Its registered office in Mumbai in 1995. Since its first inspection in the year 1997, it maintained a consistent growth for its work and operation and became the market leader for mortgage. It has an outstanding portfolio for house loan which covers operating fixed assets, total average equity and return on respective variable.

ICICI Bank (Industrial Credit and Investment Corporation of India) is India's largest private sector Bank by market capitalization and second largest overall in terms of assets. The ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and specialized subsidiaries and affiliates in the area of investment banking. ICICI Bank reported a net profit of Rs. 3578 crore for financial year 2019-20. ICICI Bank is one of the big four banks of India with SBI, Axis Bank and HDFC Bank.

Axis Bank is the third largest private sector bank in India. It also one of the first new generation private sector banks to have begun operation in 1994 with Its head office in Mumbai. The administrator of the UTI is LIC, GIC, NIC, the new India Assurance Company, The oriental Insurance Corporation and United India Insurance Company. With effect from July 30th 2007, UTI Bank changed its name to Axis Bank.

## 11. REVIEW OF LITERATURE

**.Singh and Tandon (2012)** attempted to measure and compare the financial performance of State Bank of India and ICICI bank from 2007-08 to 2011-12. The study revealed that state bank of India had highest deposits, advances, total income and total expenditure as compared to ICICI Bank. **Haque, A. (2014)** in his paper "Comparison of Financial Performance of Commercial Banks: A Case study in the context of India (2009-2013)" examined and evaluated the concurrent performance of few major Indian banks during 2009-2013 following the global financial slump of 2008. He had used the various parameters .i.e. return on assets, return on equity and net interest margin through quantitative research by using ANOVA.. It was found that there was increasing trend in net interest margin and return on assets of new private sector banks showed fluctuations during the study period.**Shukla (2015)** in her paper "Performance of the Indian Banking Industry: A comparison of Public and Private Sector Banks" sought to analyze the performance of the banking industry in India. She has taken sample of 46 scheduled commercial banks. Both private and public sector banks were included in the sample i.e. three public sector banks viz Bank of Baroda, IDBI Bank, and Punjab National Bank and three private sector banks i.e. Axis Bank, ICICI Bank and HDFC Bank from 2010-2013. She analyzed the study on the basis of four parameters i.e. size, growth, profitability and soundness. The findings highlighted that public and private sector banks were not very much different in the terms of size and growth parameters. However significant difference were found in terms of profitability and soundness of the business, indicating robust growth prospects for private sector banks. **Jeevan Jayant Nagarkar, (2016)** in his article stated that Business cycle is not new to Indian economy. In the last ten years India witnessed two major phases of business cycle. He analyzed performance of five major public, private and foreign sector banks with analyzed the financial performance parameters. He revealed from the study that Banking industry which were growing at a high growth of above 30 percent, now is struggling to achieve 19Percent growth. **Lavudi Vijay (2019)** conducted a study "Financial performance of HDFC and Punjab National Bank-A study". The main purpose of the study was evaluate the financial performance of PNB and HDFC bank. The study indentified the PNB face the problems to generate the income and NPAs of PNB was also increasing. The study revealed that the financial performance of HDFC Bank was better than Punjab National Bank. **Adhana and Gulati, (2019)** studied on "Financial Performance Analysis: A Comparative study of AXIS Bank and ICICI Bank". The period of study were taken from 2013-14 to 2017-18. The study was conducted to compare the financial performance of Axis Bank and PNB Bank on the basis of Net profit and some ratio such as return on equity, capital adequacy ratio etc. The study found that ICICI Bank is

performing well and financially sound in terms of net profit than Axis Bank, but in context of return on equity, Axis Bank has better managing efficiency than ICICI Bank.

#### **111. OBJECTIVES OF THE STUDY:**

The present Study has been undertaken with the following objectives.

1. To study and compare the growth of selected new private sector banks in India.
- 2 To appraise and compare the financial performance of the selected new private sector bank in India under the study period.

The present study is based on analyze of private sector banks. Currently 22 banks are working under private sector banks in India. Out of 22 banks, following three banks are selected on the basis market positions and profitability i.e. HDFC Bank, ICICI Bank and Axis Bank.

#### **IV. RESEARCH METHODOLOGY:**

The present study is descriptive and analytical in nature. The study is based on secondary data. The data were collected from the published annual reports of the selected banks taken from their websites, magazines, articles published in journals. The study covers a specific period of 2010-11 to 2019-20. Sampling: The new private sector banks consist of nine banks. For the present study covers three important banks i.e. Housing Development finance corporation (HDFC), Industrial credit Investment Corporation of India (ICICI) and Axis Bank. The various performance and growth indicators were used in the study viz deposits, loans and advances, total income, total expenditure, net profit, return on advances, cost of deposits, credit deposit ratio and ratio of non-performing assets to net advances. Simple percentage analysis and tabular analysis use for reflects the growth rate of returns of banks. The graphical presentations have also been made for analysis of data.

#### **V. DATA ANALYSIS AND INTERPRETATIONS:**

The financial performance of the selected private banks has been analyzed on the basis of the following six key performance indicators.

1. Deposit, Advances and Credit to deposit ratio of Selected Banks.
2. Return on Advances and Cost of Deposits.
3. Total Income and Total Expenditure
4. Growth of Total Net Profit
5. Net Non Performing Assets (NPA):
6. Return on Assets (ROA)

##### **1. Deposits, Advances and Credit to Deposit Ratio of Selected Private Banks:**

Deposits of a bank are the major part of entire funding operations. Deposit is the amount that is accepted by the bank, received from customers and interest is paid to them. Without deposits, bank can not lend loans and advances. Advances include all types of loans-secured and unsecured accounts. Whereas Credit deposit ratio is the proportion of loan assets created by a bank from the deposits received. Credits are the loans and advances granted by the bank. In other words, it is the amount lent by the bank to a person or an or an organization which is recovered later on.

**TABLE 1: DEPOSITS, ADVANCES AND CREDIT TO DEPOSIT RATIO OF SELECTED PRIVATE SECTOR BANKS**

| Year    | Deposit (in Crore) |            |           | Advances (in Crore) |            |           | Credit-Deposit Ratio |            |           |
|---------|--------------------|------------|-----------|---------------------|------------|-----------|----------------------|------------|-----------|
|         | HDFC BANK          | ICICI BANK | AXIX BANK | HDFC BANK           | ICICI BANK | AXIX BANK | HDFC BANK            | ICICI BANK | AXIX BANK |
| 2010-11 | 208586.4           | 225602.1   | 189237.8  | 159982.7            | 216365.9   | 142407.8  | 76.7                 | 95.91      | 75.25     |
| 2011-12 | 246706.4           | 255500     | 220104.4  | 195420              | 253727.7   | 169759.5  | 79.2                 | 99.31      | 77.13     |
| 2012-13 | 296247             | 292613.6   | 252613.5  | 239720.6            | 290249.4   | 196965.9  | 80.92                | 99.19      | 77.97     |
| 2013-14 | 367803.3           | 331913.5   | 280944.5  | 303000.3            | 338702.6   | 230066.8  | 85.93                | 102.05     | 81.89     |
| 2014-15 | 450283.6           | 361562.7   | 322441.9  | 365495              | 387522.1   | 281083.03 | 94.60                | 107.17     | 87.17     |
| 2015-16 | 545873.2           | 421425.7   | 357967.5  | 464593.9            | 435263.9   | 338773.7  | 89.27                | 103.28     | 94.64     |
| 2016-17 | 643639.6           | 490039.1   | 414378.7  | 554568.2            | 464232.1   | 373069.3  | 86.16                | 94.73      | 90.03     |
| 2017-18 | 788770.6           | 560975     | 453622.7  | 658333.1            | 202994.2   | 439650.30 | 83.46                | 91.34      | 96.92     |
| 2018-19 | 92 3140.9          | 652919.6   | 548471.3  | 819401.2            | 207732.7   | 494797.97 | 88.76                | 89.85      | 90.21     |
| 2019-20 | 1147502.2          | 770968.9   | 640104.9  | 993702.8            | 249531.5   | 571424.2  | 86.60                | 83.70      | 89.27     |
| Mean    | 561855.3           | 436352.0   | 367988.7  | 475421              | 304632.2   | 323800    | 85.15                | 96.69      | 86.02     |
| C.V.    |                    |            |           |                     |            |           | 0.620                | 0.073      | 0.088     |
| S.D.    |                    |            |           |                     |            |           | 5.27                 | 7.06       | 7.57      |

Table 1 revealed that total deposits of selected banks during the period 2010-11 to 2019-20. ICICI Bank has captured first rank with deposits in 2010-11 with 225602.1 crores followed by HDFC Bank (Rs. 208586.4 Crore) and AXIS Bank (Rs. 189237.8 Crore), while in 2019-20, HDFC Bank ranked first with deposits of Rs. 561855.3 crore followed by ICICI Bank (Rs. 436352.0 crore) and AXIS Bank (Rs. 367988.7 crore). It was revealed from the study that average of deposits in the last ten years, HDFC Bank found in the top position with highest average of Rs. 561855.3 crore against ICICI Bank and AXIS Bank. It showed that HDFC Bank mobilized maximum deposits during study period. Further in terms of advances of the private sector banks during the period 2011-2020, advances include all types of loans-secured and unsecured accounts. ICICI Bank ranked first with Rs.216365.9 crore in 2010-11 followed by HDFC Bank (Rs. 159982.7crore) and AXIS Bank (Rs. 142407.8 crore). Again in 2019-20, HDFC Bank ranked first with Rs. 993702.8 crore advances followed by Axis Bank (Rs. 571424. Crore ) and ICICI Bank (Rs. 249531 Crores). In terms of Credit Deposit Ratio, ICICI bank has the highest credit deposit ratio (96.65) and HDFC bank least credit deposit ratio ( 85.5 ). Axis Bank has the highest standard Deviation (7.57) and HDFC has the lowest standard deviation (5.27%). This shows that ICICI Bank has created more loan assets (advances) from its deposits as compared to other two banks. The standard Deviation of advances is low in ICICI bank followed by Axis bank and finally it is high in HDFC bank. Hence the overall efficiency and performance of the selected banks in terms of credit and deposit is satisfactory.

## 2. RETURN ON ADVANCES AND COST OF DEPOSITS:

Return on advances is calculated by dividing the interest earned on advances to total advances. It shows the average yield on advances. Higher the return on advances indicates higher the income of a bank. The higher level of return on advances reflects greater financial efficiency. In order to increase the size of spread, generally bank prefers to increase their return on advances and decrease their cost of deposits i.e. the ratio of interest expended on deposits to the depositors. It is calculated by dividing the interest paid by average deposits. The higher cost of deposits means lower financial efficiency and vice versa.

**TABLE 2: TREND OF RETURN ON ADVANCES AND COST OF DEPOSITS OF SELECTED PRIVATE BANKS.**

| Year    | RETURN ON ADVANCES (%) |            |           | COST OF DEPOSIT (%) |            |           |
|---------|------------------------|------------|-----------|---------------------|------------|-----------|
|         | HDFC BANK              | ICICI BANK | AXIX BANK | HDFC BANK           | ICICI BANK | AXIX BANK |
| 2010-11 | 5.86                   | 12         | 10.64     | 9.55                | 7.52       | 4.73      |
| 2011-12 | 7.67                   | 14.01      | 12.95     | 11.06               | 8.92       | 6.35      |
| 2012-13 | 14.62                  | 13.80      | 13.80     | 6.50                | 8.96       | 6.93      |
| 2013-14 | 13.54                  | 13.04      | 13.31     | 6.13                | 8.34       | 6.65      |
| 2014-15 | 13.27                  | 12.67      | 12.62     | 5.79                | 8.31       | 6.59      |
| 2015-16 | 12.96                  | 12.12      | 12.09     | 5.97                | 7.47       | 6.74      |
| 2016-17 | 12.49                  | 11.66      | 11.94     | 5.61                | 6.61       | 6.38      |
| 2017-18 | 12.18                  | 27.08      | 10.41     | 5.09                | 5.69       | 5.98      |
| 2018-19 | 12.01                  | 30.52      | 11.11     | 5.49                | 5.57       | 6.06      |
| 2019-20 | 11.55                  | 29.97      | 10.96     | 5.10                | 5.38       | 5.84      |
| Mean    |                        |            |           |                     |            |           |

Source: money contro.com

Table 2 depicts the trend of return on advances and cost of deposit of three selected private banks during the study period. On the basis of above data it was examined that the return on advances of ICICI Bank was 12% in 2010-11, which was increased up to 29.97% over the study period. At the same time, cost of deposit of ICICI bank has decreased from 7.52% to 5.38 % . Return of advances of HDFC bank was also slightly improved from 5.85% to 11.55 % during study and cost of deposit has decreased 9.55% to 5.10%. But in the case of AXIS bank, return on advances showed constant 10.64% to 10.96% and cost of deposit has increased i.e. 4.73% to 5.84%. It reveals from the study that margin of return on advances being more than cost of deposit of ICICI bank and HDFC bank. It indicates that ICICI bank and HDFC bank are improving their profitability as well as efficiency during the study period.

### 3. Total Income and Total Expenditure of Selected Private Banks:

Total income comprises of interest income and non-interest income. Interest income includes interest /discount earned on bills, income from investments, interest on balances with RBI and other inter-bank funds. On the other hand non-interest income includes commission, exchange, brokerage, net profit/loss on sale of investment, net profit/ loss on revaluation of investment, etc. Total expenditure of a bank increases with the growth of banking activities. Total expenditure of bank consists of both interest expenses as well as operating expenses. Interest expenses include interest on deposit, interest on RBI/ inter-bank borrowings and others while operating expenses include payments to and provision for employees, rent, taxes, printing and stationary, advertising and publicity, depreciation on bank's property, director's fees, allowances and expenses, etc. and the performance of the bank is decided on the basis of the profit earning capacity called net profits.



**TABLE 3: TOTAL INCOME AND TOTAL EXPENDITURE OF SELECTED PRIVATE BANKS (2010-11 TO 2019-20)**

| YEARS   | TOTAL INCOME (In Crores) |            |           | TOTAL EXPENDITURE (In Crores) |            |           |
|---------|--------------------------|------------|-----------|-------------------------------|------------|-----------|
|         | HDFC BANK                | ICICI BANK | AXIS BANK | HDFC BANK                     | ICICI BANK | AXIS BANK |
| 2010-11 | 24263.3                  | 32621.9    | 19786.9   | 20336.9                       | 27470.5    | 16398.4   |
| 2011-12 | 32530.0                  | 41045.4    | 27414.4   | 27362.9                       | 34580.1    | 23172.6   |
| 2012-13 | 41917.5                  | 48421.3    | 33733.7   | 35191.2                       | 40095.8    | 28554.2   |
| 2013-14 | 49055.2                  | 54606.2    | 38046.4   | 40576.8                       | 44795.5    | 31828.7   |
| 2014-15 | 57466.3                  | 61267.3    | 43843.6   | 47250.3                       | 50091.9    | 36485.8   |
| 2015-16 | 70973.2                  | 68062.5    | 50359.5   | 58676.9                       | 58336.2    | 42135.8   |
| 2016-17 | 81602.5                  | 73660.8    | 56233.5   | 67052.8                       | 63859.6    | 52554.2   |
| 2017-18 | 95461.7                  | 72385.5    | 56747.4   | 77974.9                       | 65608.1    | 56471.7   |
| 2018-19 | 116598                   | 77913.3    | 68116.1   | 95519.8                       | 74550.0    | 63439.5   |
| 2019-20 | 138073                   | 91246.9    | 78171.7   | 111816.1                      | 83316.1    | 76544.5   |
| Mean    | 70794.0                  | 62123.1    | 47245.3   | 58175.8                       | 54270.1    | 42758.5   |
| C.V.    | 0.5256                   | 0.2905     | 0.386     | 0.5151                        | 0.3311     | 0.4473    |
| S.D.    | 37212.75                 | 18045.63   | 18253.74  | 29965.74                      | 17969.22   | 6048.53   |
| AGR     | 46.90                    | 17.97      | 29.51     | 44.98                         | 20.33      | 36.67     |

Source: Annual Reports of HDFC, ICICI and Axis Bank

Table 3 highlights the total income and total expenditure of the selected banks over the study period. The table shows that in 2010-11, ICICI bank stood first with Rs. 32621.9 Crore of total income followed by HDFC Bank (Rs. 24268 crore) and AXIS bank (Rs. 19786 Crore). In 2019-20, HDFC bank ranked first with 138073 crore of total income followed by ICICI Bank (Rs. 91246.9 crore) and Axis Bank (Rs. 78171.7 crore). Further Table indicates that HDFC Bank was leading bank in terms of total income followed by ICICI Bank and AXIS Bank. Further table reveals that HDFC Bank and Axis Bank showed an increasing trend during the study period. However, ICICI Bank's total income showed decreasing trend from 2017-18. In term of Total Expenditure, ICICI Bank had highest total expenditure of Rs. 27470.5 crore in 2010-11, followed by HDFC Bank (Rs. 20336 crore) and Axis Bank (Rs. 16398.4 crore). In 2019-20, Again HDFC Bank ranked first with 111816.1 crore of total expenditure followed by ICICI Bank (Rs. 83316 Crore) and Axis Bank (Rs. 76544.5 crore). It reveals from the study that HDFC bank has spent more for their various activities and Axis Bank has lowest expenses. The standard deviation of HDFC bank (29965.74) is highest compare to ICICI bank and Axis Bank. Coefficient of variation depicts that in total expenditure, HDFC bank showed highest consistently ( C.V= .5151 ) followed by Axis Bank (CV= .4473) and ICICI Bank (CV=.3311) .

**4. Growth of Net Profits:** Net profit is the indicator of the annual performance of any organization. It is depending on total expenditures and total incomes.

**TABLE 4: ANALYSIS OF NET PROFIT OF HDFC, ICICI AND AXIS BANK DURING 2010-11 TO 2019-20**

| Year    | HDFC               |          | ICICI BANK         |          | AXIS BANK          |          |
|---------|--------------------|----------|--------------------|----------|--------------------|----------|
|         | Profit (in Rs Cr.) | % Change | Profit (in Rs Cr.) | % Change | Profit (in Rs Cr.) | % Change |
| 2010-11 | 3926.4             | -----    | 5151.4             | -----    | 3338.5             | -----    |
| 2011-12 | 5167.1             | 31.60    | 6465.3             | 25.51    | 4241.2             | 27.04    |
| 2012-13 | 6726.3             | 30.17    | 8325.5             | 28.77    | 5179.4             | 22.12    |
| 2013-14 | 8478.4             | 26.05    | 9810.5             | 17.84    | 6217.5             | 20.05    |
| 2014-15 | 10215.9            | 20.49    | 11175.3            | 13.91    | 7357.8             | 18.18    |
| 2015-16 | 12296.2            | 20.36    | 9726.3             | -12.97   | 8223.7             | 11.92    |
| 2016-17 | 14549.6            | 18.32    | 9801.1             | 0.77     | 3679.3             | -55.26   |
| 2017-18 | 17486.7            | 20.18    | 6777.4             | -30.84   | 275.68             | -92.50   |
| 2018-19 | 21078.2            | 20.54    | 3363.3             | -50.37   | 4676.6             | 1596.38  |
| 2019-20 | 26257.3            | 24.57    | 7930.8             | 135.80   | 1627.2             | -65.20   |
| Mean    | 12618.2            |          | 7852.6             |          | 4481.7             |          |

Source: Annual Reports of HDFC, ICICI and Axis Bank from 2010-11 to 2019-20

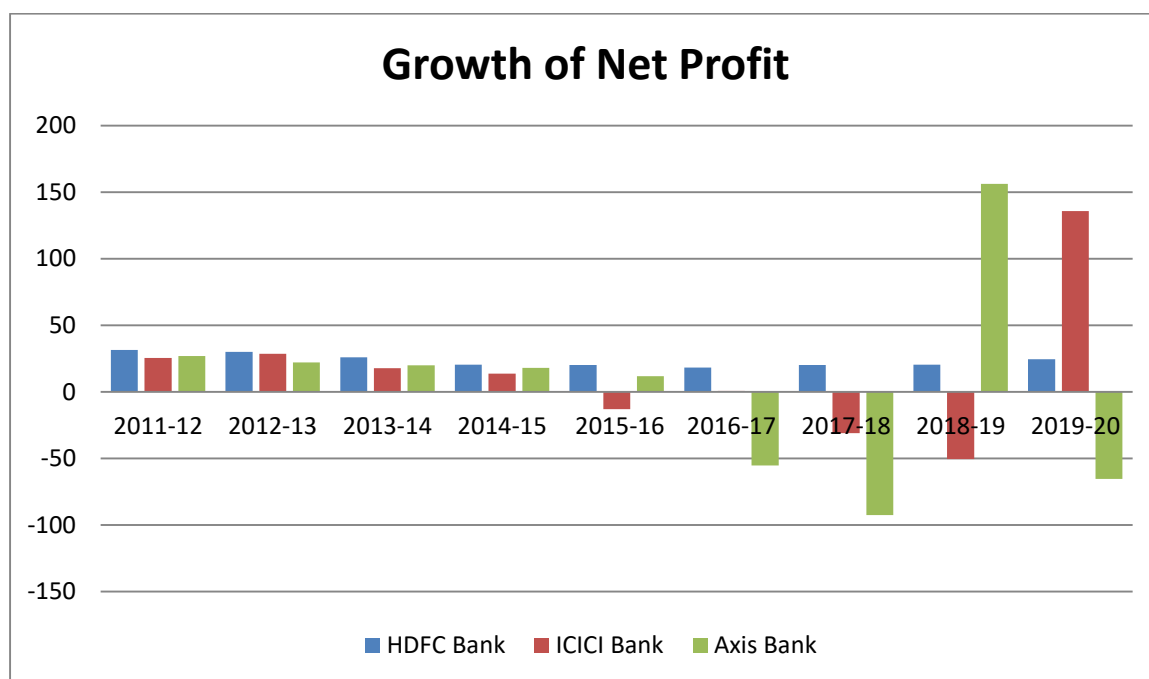


Table 4 revealed that mean value of net profit was higher in HDFC compared to ICICI Bank and AXIS Bank over the study period 2010-2019. It can be seen that HDFC bank showed a highest rate of net profit of (31.60%) in 2011-12 and in absolute terms with 26257.3 crores in 2019-20. Similarly ICICI showed 28.77% highest rate in 2013 with a negative declining growth rate (50.37%) in 2018-19. Axis Bank showed its highest rate 27.04% in 2012-13 and with negative decline growth rate (65.20%) in 2019-20.

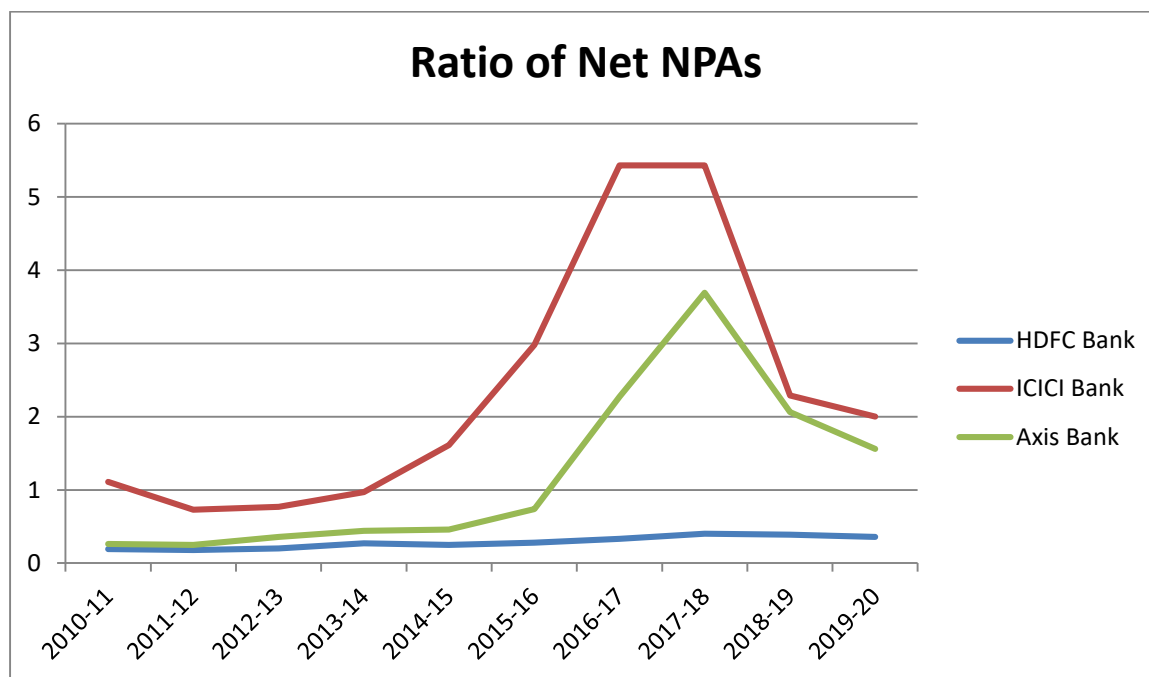
5. **NET NON PERFORMING ASSETS:** Net performing assets are those assets which could not be recovered for a specific period of time from borrowers.

#### Net NPA and Ratio of Net NPA of Newly private Banks (Rs. In Crores):

| Year    | HDFC Bank |          | ICICI Bank |          | AXIS Bank |          |
|---------|-----------|----------|------------|----------|-----------|----------|
|         | Net NPA   | Net NPA% | Net NPA    | Net NPA% | Net NPA   | Net NPA% |
| 2010-11 | 296.41    | 0.19     | 2407.36    | 1.11     | 1186.74   | 0.26     |
| 2011-12 | 352.33    | 0.18     | 1860.84    | 0.73     | 1186.74   | 0.25     |
| 2012-13 | 468.95    | 0.20     | 2230.56    | 0.77     | 704.13    | 0.36     |
| 2013-14 | 820.03    | 0.27     | 3297.96    | 0.97     | 1024.62   | 0.44     |
| 2014-15 | 896.28    | 0.25     | 6255.53    | 1.61     | 1316.71   | 0.46     |
| 2015-16 | 1320.37   | 0.28     | 12963.08   | 2.98     | 2522.14   | 0.74     |
| 2016-17 | 1843.99   | 0.33     | 25216.81   | 5.43     | 8626.60   | 2.27     |
| 2017-18 | 2601.02   | 0.40     | 27823.56   | 5.43     | 16592.00  | 3.69     |
| 2018-19 | 3214.52   | 0.39     | 13449.72   | 2.29     | 18351.00  | 2.06     |
| 2019-20 | 3542.36   | 0.36     | 9923.24    | 2.00     | 9360.41   | 1.56     |
| Average | 1535.63   | 0.28     | 10542.87   | 2.33     | 6087.11   | 1.21     |

Source: Annual Reports

- Table 4 represents that Net NPA ratio of all selected bank i.e. HDFC, ICICI and AXIS bank from the period 2010-11 to 2019-20, HDFC bank also registered lowest average percentage of net NPA 0.28%, followed by Axis Bank: 1.21% and ICICI bank 2.33% in 2019-20. It means that percentage of net NPA is improving year after year over the study period, where as percentage of net NPA of ICICI and Axis bank observed to be continuously rising. The main reason for increased NPA was poor recovery of loans. It is recommended to the regulators and officials of selected banks to take necessary steps to reduce the NPAs and improve the necessary mechanism.



## 6. RETURN ON ASSETS (ROA):

It is a financial ratio that depicts how profitable a company is with its total assets. The ratio depicts how efficiently bank uses its assets to generate revenue. The return on Assets (ROA) for HDFC bank as of the financial year 2019-20 was 1.78 %, whereas ICICI bank and Axis bank were 0.72% and 0.17 % respectively.

TABLE 6: RETURN ON ASSETS (ROA) FROM 2010-11 TO 2019-20

| Year    | RETURN ON ASSETS |            |           |
|---------|------------------|------------|-----------|
|         | HDFC Bank        | ICICI Bank | Axis Bank |
| 2010-11 | 1.42             | 1.14       | 1.39      |
| 2011-12 | 1.52             | 1.26       | 1.48      |
| 2012-13 | 1.68             | 1.42       | 1.52      |
| 2013-14 | 1.73             | 1.47       | 1.62      |
| 2014-15 | 1.76             | 1.48       | 1.59      |
| 2015-16 | 1.75             | 1.10       | 1.56      |
| 2016-17 | 1.70             | 1.03       | 0.64      |
| 2017-18 | 1.69             | 0.68       | 0.06      |
| 2018-19 | 1.71             | 0.34       | 0.61      |
| 2019-20 | 1.78             | 0.72       | 0.17      |
| Average | 1.67             | 1.07       | 1.06      |

Source: Annual Reports of Respective Banks

Table 6 showed that return on Assets of sample over the period from 2010-11 to 2019-20. All banks earned continuous ROA 1.26 % to 1.78 % from 2010-11 to 2014-15 after that ICICI bank continuously decrease in Return on Assets from 1.10% to 0.34% in the period from 2015-16 to 2018-19 because of decrease in net profit of bank. In 2017-18 and 2019-20, Axis bank earned least ROA 0.06% and 0.17% because of huge decrease in net profit of a bank. HDFC Bank secured first rank in ROA parameter at last 10 years average ( 1.67%) followed by ICICI bank (1.07%) and Axis Bank (1.06%).



## VI FINDINGS OF THE STUDY:

- ICICI Bank has the average highest credit deposit ratio compared to other banks, followed by AXIS bank and HDFC bank respectively. It indicates that ICICI bank has generated more loans for the deposits received as compared to HDFC bank and AXIS bank over the study period.
- The average net profit of HDFC bank is more than the other private banks followed by ICICI bank and Axis bank respectively. ICICI bank and Axis bank showed in negative growth rate in last two years of study period. It indicates that HFDC banks were performing very well over the study period.
- It is revealed that HDFC Bank has spent more during the ten years study period 111816.1 crores followed by HDFC bank (Rs. 83316.1 crores) and Axis bank (Rs 76544.5 crore).
- Deposits in all the banks were continuously increased. In case of selected banks, advances of HDFC bank and Axis Bank were continuously increased with an increasing trend, while total advances of ICICI bank was increased from 2010-11 to 2016-17 and then decreased in the year 2017-18 up to Rs, 202994 crores and again slightly increased during the study period. The mean value of total deposits and advances was higher in HDFC bank.
- HDFC bank has the highest Return on Assets compared to other banks followed by ICICI bank and Axis bank respectively. It indicates the weak position of Axis and ICICI bank which means that ICICI bank and Axis has negative impact on their profitability over the study period.
- It has revealed from the study that HDFC bank has the highest total income (138073 Crores ) and Axis Bank has the lowest total income (78171 Crore).
- It reveals from the study that HDFC bank has spent more for their various activities and Axis Bank has lowest expenses
- Total expenditure annual growth rate of ICICI bank is lower compared to HDFC bank and Axis bank. Thus this means that ICICI Bank is able to effectively control its cost and provide good services at a price significantly.

## VII. CONCLUSIONS:

After studying and analyzing the performance of the banks through various parameters, it has been found that Credit deposit ratio of all selected banks have well as per RBI norms. On the basis of comparison, mean of credit deposit ratio in ICICI bank was higher than HDFC bank and Axis Bank. This shows that ICICI bank has created more assets from its deposit as compared to other two banks. In terms of total deposits, and loans and advances of all selected banks were continuously increased. The mean value of total expenditure and total income was higher in HDFC as compared to ICICI bank and Axis Bank. It has been found that HDFC bank has achieved a better position on net profit and return on advances. Net profit for ICICI and Axis Bank has been fluctuating, even negative growth over the years , whereas the growth rate of profit for HDFC bank is in better position. Under the case of percentage of net NPA, performance of HDFC bank observed to be improving year after year, whereas percentage of net NPA of ICICI and Axis bank observed to be continuously rising. Return on average Assets showed that the financial performance of HDFC bank is better than ICICI and Axis bank which indicates HDFC bank invested its assets in more profitable hands. It is concluded from all selected parameters of financial performance of selected banks that HDFC performing better than ICICI bank and Axis bank.

The study suggested that in order to reduce the NPAs, bank should thoroughly go through all the required details regarding the client's capacity to repay such as job security, source of income etc. before sanctioning the loans so that NPA are kept minimum. Moreover fixing the responsibility for recovery of loans will also help in tackling the problems of NPAs. Axis bank has minimum credit deposit ratio among the selected banks. So there is need for creating more loans from the deposits of the bank. It will lead to increase in its income. Moreover Bank may also decrease its cost of deposit by increasing its saving scheme to its customers. There is lot of competition among the selected new private banks. In order to survive in the competitive environment the bank need to provide better customer service.

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