

## COMPARATIVE STUDY OF INDIAN COMMERCIAL BANKS : WITH SPECIAL REFERENCE OF SBI AND ICICI

**Ansari Zahid Husain I.H.**

Assistance Professor, DRT's A.E. Kalsekar Degree College ,  
Mumbra- thane – Maharashtra- India

**Abstract :** An efficient banking system is recognized as the prime requirement for the overall progress of any nation. Sound banking system plays the role of basic pillars which provide a strong financial back up to any economy. The banking system of India is featured by the large network of bank branches providing end number of services not only to its customers but to the nation also.

According to Narsimham committee “private sector bank should be allowed to be established in India, these new private sector banks will compliment the overall financial sector reform”. The present paper is a comparative study of two most power full, efficient and popular Indian commercial banks. State Bank of India popularly known as SBI is a leading bank of public sector bank in India with its huge size and volume of business while ICICI bank is the second largest and leading bank of private sector bank in India with its rising branch performance. This research paper is analytical in nature based on secondary data.

**Keywords:** SBI, ICICI, public sector, private sector, comparative study.

### I.INTRODUCTION

An efficient banking system is recognized as the prime requirement for the overall progress of any nation. Sound banking system plays the role of basic pillars which provide a strong financial backing to any economy. The banking system of India is featured by the large network of bank branches providing end number of services not only to its customers but to the nation also.

State bank of India (SBI) founded in 1806, Bank of Calcutta was the first bank established in India and over a period of time evolved in to SBI. SBI represents a sterling legacy of over 200 years. It is the oldest commercial bank in the Indian subcontinent, strengthening the nations trillion dollar economy and serving the aspirations of its vast population. The bank is India's largest commercial bank in terms of assets, deposits, profits, branches, number of customers and employees enjoying the continuing faith of millions of customers across the social spectrum. Employees total strength at the end of financial year 2013-2014 was 2,22,034.

ICICI bank was established by the Industrial Credit and Investment Corporation of India (ICICI), an Indian financial institution, as a wholly owned subsidiary in 1994. The parent company was formed in 1955 as the joint-venture of the World Bank. The bank was initially known as Industrial Credit and Investment Corporation of India before it changed its name to the abbreviated ICICI bank. The parent company was later merged with the bank. In the year 2000, ICICI bank became the first Indian bank to list on the New York Stock Exchange with its five million American depository shares issue generating a demand book 13 times the offer size. At the end of the financial year 2013-2014 the total numbers of employees were 94,204.

#### **Objective of the study:**

- To study and analyze the financial performance of SBI and ICICI.
- To study and analyze per branch performance of SBI and ICICI.

- To make a comparison between SBI and ICICI.

**METHODOLOGY:**

Present research paper is based on secondary data that has been collected from annual report of the respective banks, journals, books, internet and other published information. Mainly the information is drawn from website and annual report of SBI and ICICI.

**LIMITATIONS OF THE STUDY:**

- The study is based on secondary data taken from the annual report of the respective banks which may be window dressed.
- The study period is from 2008-2009 to 2013-2014.

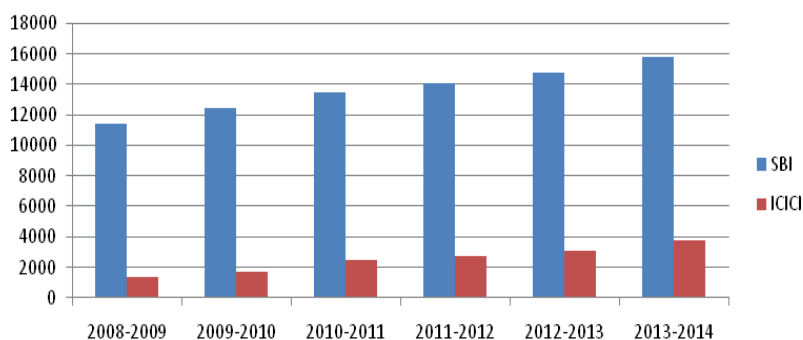
**ANALYSIS:**

Branches: Branches are playing a key role in the development of any organization. The size and success of any bank is primarily depend on their customers and today customer want to stand with those banks who are ready to serve at their door steps.

**Table: 1 Number of Branches**

Year	SBI		ICICI	
	No. of branches	Additions made	No. of branches	Additions made
2008-2009	11448	-----	1419	-----
2009-2010	12496	1048	1707	288
2010-2011	13542	1046	2529	822
2011-2012	14097	555	2750	221
2012-2013	14816	721	3100	350
2013-2014	15869	1053	3753	653
<b>Growth rate</b>	<b>1.38 times</b>		<b>2.64 times</b>	

Sources: compiled from annual reports of SBI & ICICI



**(Graph: 1 showing total number of branches)**

By observing table / graph number 1, picture can be drawn very easily that SBI has more number of branches which will ultimately helpful for the growth of the bank. SBI has added more than one thousand branches in the year 2009-10, 2010-11 and 2013-14 which indicate that SBI want to reach in each and every corner of the country, where as the number of branches in the case of ICICI as compare to SBI is quite less. ICICI has made a remarkable addition in its branches in the year 2010-11 and 2013-14, but comparatively the growth rate of ICICI during the study period is better than SBI.

**ATMs:** Today, majority of the customers including rural area prefers electronic facilities including ATMs for their basic transaction and banks are continuously observing the changing taste of their customers which can be noted clearly with the following table.

**Table: 2 Numbers of ATMs**

Year	SBI		ICICI	
	Total No. of ATMs	Additions made	Total No. of ATMs	Additions made
2008-2009	8881	---	4713	---
2009-2010	16294	7753	5219	506
2010-2011	25005	8711	6055	836
2011-2012	27286	2281	9000	2945
2012-2013	32752	5466	10481	1481
2013-2014	43515	10763	11315	834
<b>Growth rate</b>	<b>5.07 times</b>		<b>2.62 times</b>	

Sources: compiled from annual reports of SBI & ICICI

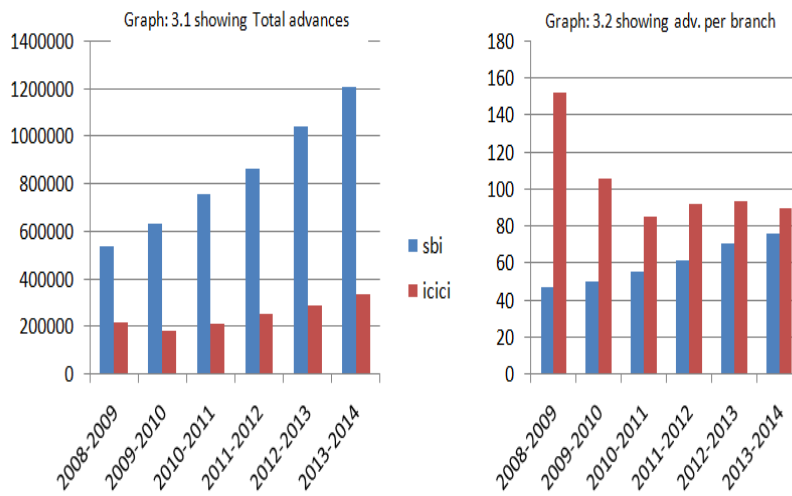


Table 3 /graph 3.1 indicates that the amount of advances in the case of SBI is approximately more than 350% that of ICICI. The trend of advances in the case of SBI is continuously moving upward during the study period while reduction can be observed in the case of ICICI in the year 2009-10. Moreover, the growth rate and mean of total advances of SBI is better than ICICI but if the analysis will be made on per branch basis (graph 3.2), the vice versa situation can be noticed. The mean of ICICI per branch is 103.43 crores as compared to 60.35 crores in the case of SBI. During the study period from 2008-09 to 2013-14 advances per branch of ICICI is ahead from SBI continuously.

**Deposits:** Rising amount of deposits are the base of increasing advances in the banking industry, which ultimately reflects the trust and confidence of the bank customers on the respective banks.

**Table 4: Deposits (figures in crores)**

Year	SBI			ICICI		
	Total deposits	Additions/ reductions	deposits Per branch	Total deposits	Additions/ reductions	Deposits Per branch
2008-2009	742073	---	64.82	218348	---	153.87
2009-2010	804116	62043	64.34	202017	(16331)	118.34
2010-2011	933933	129817	68.96	225602	23585	89.20
2011-2012	1043647	109714	74.03	255500	29898	92.90
2012-2013	1202740	159093	81.17	292613	37113	94.39
2013-2014	1394409	191669	87.86	331914	39301	88.43
<b>Mean</b>	<b>1020153</b>		<b>73.53</b>	<b>254332.33</b>		<b>106.18</b>
<b>Growth rate</b>	<b>1.87 times</b>			<b>1.52 times</b>		

Sources: compiled from annual reports of SBI & ICICI

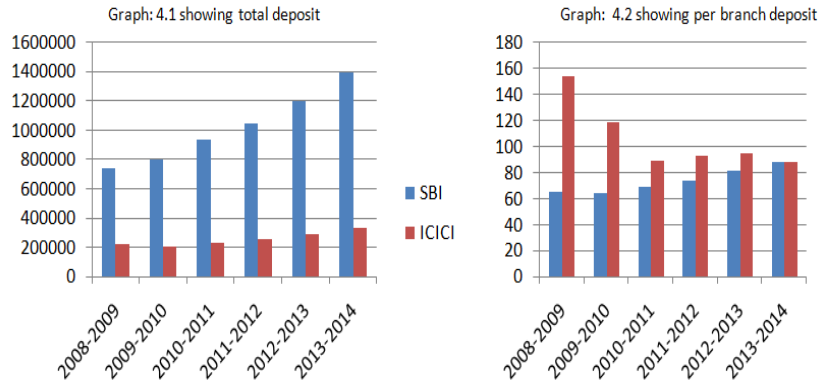


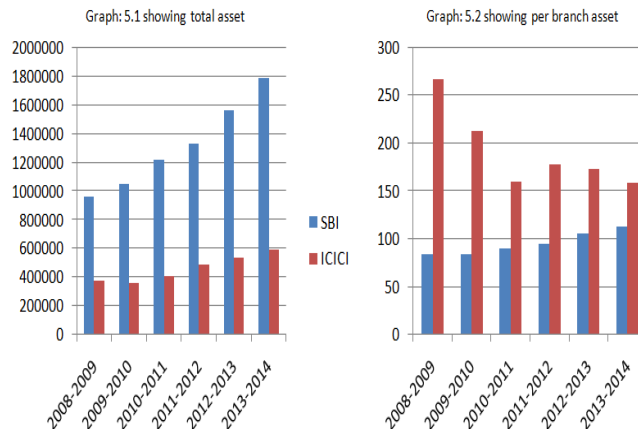
Table 4 (graph 4.1) speaks that the amount of deposits in case of SBI is increasing year by year while it fell down in the case of ICICI in the year 09-10. The growth rate of SBI during the study period is 1.87 times, which is more than 1.52 times in the case of ICICI. The mean of total amount of deposits of SBI is almost 4 times more than ICICI. Another observation (graph 4.2) made from per branch side shows that the average amount of deposits per branch in the case of ICICI is much better than SBI simultaneously the mean amount of advances per branch is 106.18 crores in the case of ICICI which is more than SBI where the mean amount of advances is 73.53 crores.

**Total assets:** Total assets reflect the size and strength of any business organization.

**Table: 5 Total Assets (figures in crores)**

Year	SBI			ICICI		
	Total Assets	Additions/reductions	assets Per branch	Total assets	Additions/reductions	Assets Per branch
2008-2009	964432	---	84.24	379301	---	267.30
2009-2010	1053414	88982	84.30	363400	(15901)	212.88
2010-2011	1223736	170322	90.36	406234	42834	160.63
2011-2012	1335519	111783	94.73	489069	83835	177.84
2012-2013	1566211	230692	105.71	536795	47726	173.15
2013-2014	1792235	226024	112.93	594642	57847	158.44
<b>Mean</b>	<b>1322591</b>		<b>95.37</b>	<b>461573.5</b>		<b>191.70</b>
<b>Growth rate</b>	<b>1.85 times</b>			<b>1.56 times</b>		

**Sources: compiled from annual reports of SBI & ICICI**



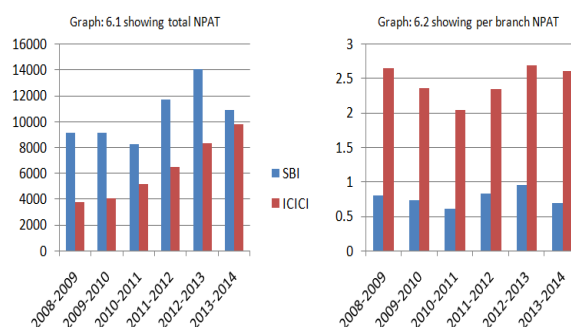
By observing table 5 (graph 5.1) result can be drawn that the total assets are increasing year after year in the case of SBI and ICICI bank (except the financial year 2009-10 in the case of ICICI). The total value of assets of SBI is approximately 3 times more than the total asset of ICICI. During the study period, growth rate of SBI is also better than ICICI bank. In last 2 years only SBI has increased its total assets by 456716 crores while ICICI had made the total addition of 105073 crores only. Although per branch analysis (graph 5.2) reflects a different situation, mean of the asset per branch of ICICI is reaching towards 2 crores while mean of assets per branch is still less than 1 crore.

**NPAT:** Net profit after tax is the strong indicator of profitability and managerial efficiency of any industry. Higher amount of net profit after tax leads to the future success.

**Table: 6 NPAT (figures in crores)**

Year	SBI			ICICI		
	Total NPAT	Additions/reductions	NPAT Per branch	Total NPAT	Additions/reductions	NPAT Per branch
2008-2009	9121	-----	0.80	3758	-----	2.65
2009-2010	9166	45	0.73	4025	267	2.36
2010-2011	8265	(90)	0.61	5151	1126	2.04
2011-2012	11707	3442	0.83	6465	1314	2.35
2012-2013	14105	2398	0.95	8325	1860	2.69
2013-2014	10891	(3214)	0.69	9810	1485	2.61
<b>Mean</b>	<b>10542.5</b>		<b>0.77</b>	<b>6255.6</b>		<b>2.49</b>
<b>Growth rate</b>	<b>1.19 times</b>			<b>2.61 times</b>		

Sources: compiled from annual reports of SBI & ICICI



By observing table 6 (graph 6.1) it can be easily noticed that total NPAT in the case of ICICI is continuously increasing year by year while downfall can be seen in the case of SBI in the year 2010-2011 and 2013-14. The total amount of NPAT in the case of SBI is much better than ICICI, but the situation becomes opposite if the analysis will be made on per branch basis (graph 6.2). NPAT per branch in the case of ICICI is more than 2 crore in every year during the study period while SBI is still struggling to touch the figure of 1 crore per branch. Mean amount of total NPAT of SBI is more than ICICI but again the situation is reverse if mean amount of NPAT per branch will be observed. During the study period the growth rate of ICICI was more than SBI which indicates the efficiency and better management of branches of ICICI with regard to profitability.

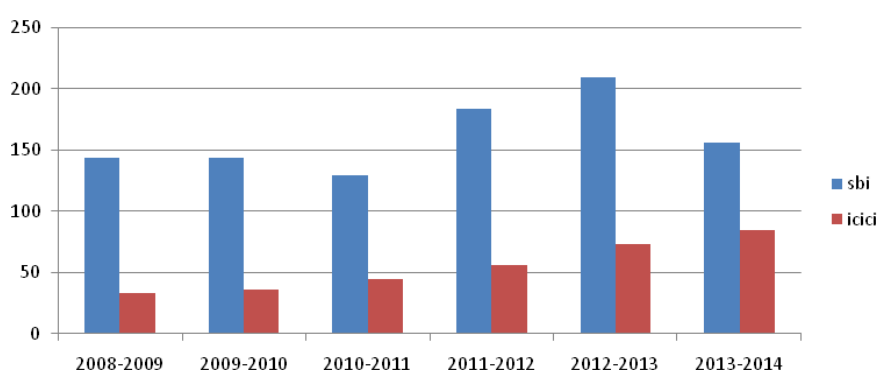
**EPS:** Earning per share is the most widely used financial data which reflects overall profitability of any organization. Higher ratio indicates higher overall profitability which shows the possibility of higher rate of dividend and issue of bonus shares to the shareholders in the future.

**Table: 7 Earning Per Share (in absolute figure)**

Year	SBI		ICICI	
	EPS	Increase/Decrease	EPS	Increase/Decrease
2008-2009	143.77	---	33.76	---
2009-2010	144.37	0.60	36.14	2.38
2010-2011	130.16	(14.21)	45.27	9.13
2011-2012	184.31	54.15	56.11	10.84
2012-2013	210.06	25.75	73.20	16.09
2013-2014	156.76	(53.31)	84.99	12.79
<b>Mean</b>	<b>161.57</b>		<b>54.74</b>	
<b>Growth rate</b>	<b>1.09 times</b>		<b>2.51 times</b>	

Sources: compiled from annual reports of SBI & ICICI

Graph: 7 showing earning per share



The above picture (table/ graph:7) reveals that EPS in the case of ICICI is low as compared to SBI, but it shows a continuous rise year by year but in the case of SBI reduction can be noted in the year 2010-11 and 2013-14. Mean of SBI is approximately 3 times more than the mean of ICICI which shows the strong earning of SBI per share. The growth rate of SBI is 1.09 times (due to heavy reduction in the year 13-14) which is quite low as compared to ICICI where the growth rate was 2.51 times during the study period.

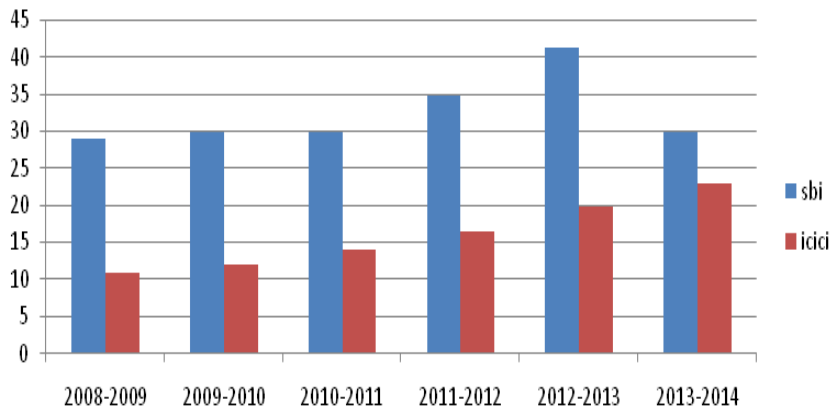
**Dividend per share:** It reflects the amount of dividend that a shareholder will receive for each share he/she held. Amount of dividend per share is totally depends on earning and profitability of the industry, higher amount of profit will be the root cause of high rate of dividend per share.

Table: 8 Dividend per Share (In absolute figure)

Year	SBI		ICICI	
	Div. per share	Increase/Decrease	Div. per share	Increase/Decrease
2008-2009	29	---	11	---
2009-2010	30	01	12	01
2010-2011	30	---	14	02
2011-2012	35	05	16.5	2.5
2012-2013	41.50	6.5	20	3.5
2013-2014	30	(11.5)	23	3
<b>Mean</b>	<b>32.58</b>		<b>16,08</b>	
<b>Growth rate</b>	<b>1.03 times</b>		<b>2.09 times</b>	

Sources: compiled from annual reports of SBI & ICICI

Graph: 8 showing dividend per share



Table/graph number 8 indicate that the amount of dividend per share of ICICI as compared to SBI is less but the dividend per share of ICICI is continuously moving upward while reduction can be noted in the case of SBI during the last year of the study period. The mean amount of dividend per share in the case of SBI is more than double as compared to ICICI but the growth rate of dividend per share during the study period is 1.03 times (due to great fall in the year 13-14) in the case of SBI which is quite less as compared to ICICI.

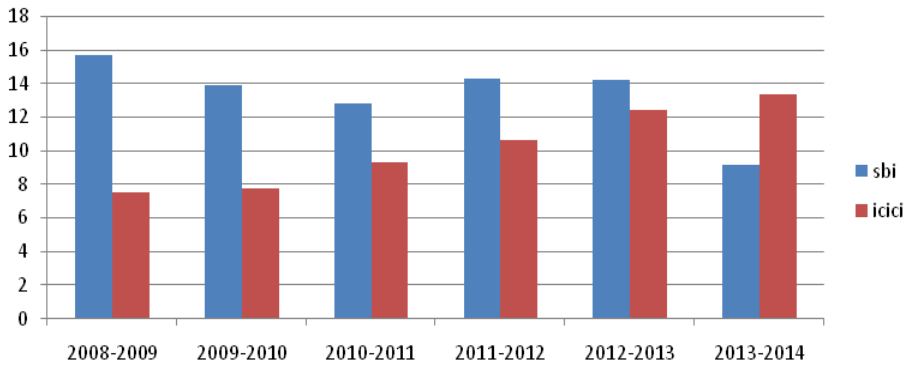
**Investors ratio:** Alternatively known as “return on proprietors fund” or “return on share-holders investment”. It indicates the relationship between net profit and total proprietors fund. Satisfactory or high ratio indicates the trust or confidence of investors for the further investment in the company as the effect of such high ratio will be reflected in the rising market price of the shares.

Table: 9 Investors Ratio (In percentage)

Year	SBI		ICICI	
	%	Increase/Decrease	%	Increase/Decrease
2008-2009	15.74	----	7.58	----
2009-2010	13.91	(1.83)	7.79	0.21
2010-2011	12.84	(1.07)	9.35	1.56
2011-2012	14.36	(1.52)	10.70	1.35
2012-2013	14.26	(0.1)	12.48	1.78
2013-2014	9.20	(5.06)	13.39	0.91
<b>Mean</b>	<b>13.38</b>		<b>10.22</b>	

Sources: compiled from annual reports of SBI & ICICI

Graph: 9 showing investors ratio



**Comparative Study Of Indian Commercial Banks : With Special Reference .....**

Table 9 explain that the rate of return in the case of ICICI is continuously flying high but was comparatively less than SBI till the year 2012-13 but in the year 2013-14 the scenario has been changed . in the case of SBI the year 2013-14 can be considered as the worst year due to the huge reduction in the rate of return but earlier SBI was far ahead than ICICI .

**Net interest income:** It is the difference between revenue generated by interest bearing assets and the cost of servicing (interest burdened) liabilities.

**Table: 10 Net Interest Income (figures in crores)**

Year	SBI			ICICI		
	Total NPAT	Additions/reductions	NPAT Per branch	Total NPAT	Additions/reductions	NPAT Per branch
2008-2009	20873	----	1.82	8367	----	5.89
2009-2010	23671	2798	1.89	8114	(253)	4.75
2010-2011	32526	8855	2.40	9017	903	3.56
2011-2012	43291	10765	3.07	10734	1717	3.90
2012-2013	44329	1038	2.99	13866	3132	4.46
2013-2014	49282	5053	3.10	16475	2609	4.38
<b>Mean</b>	<b>35662</b>		<b>2.54</b>	<b>11095.5</b>		<b>4.49</b>
<b>Growth rate</b>	<b>2.36 times</b>			<b>1.96 times</b>		

Sources: compiled from annual reports of SBI & ICICI

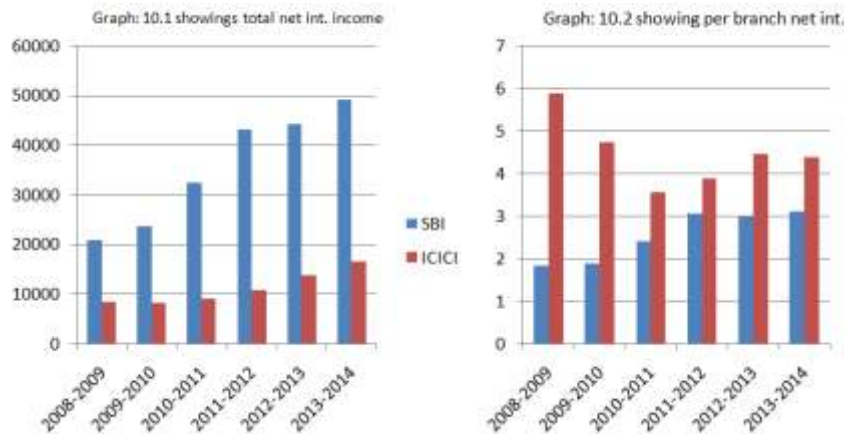


Table number 10 (graph 10.1) reveals that the net interest income of both banks are continuously rising during the study period except the financial year 2009-10 where the down fall can be noticed in the case of ICICI. The remarkable increase in the case of SBI is 2011-12 where the amount of net interest income was increased by 10765 crores while 2012-13 can be considered as the most favorable year for ICICI. The mean amount of SBI with respect to total net interest income is more than 3 times as compared to ICICI and the growth rate of SBI is 2.36 times while in the case of ICICI it is only 1.96 times which indicates that the customers are preferring SBI for their loans and advance. The observation will show the different picture if the branch performance will be observed (graph 10.2). The mean of net interest income per branch of ICICI is comparatively better than SBI which reflects the branch performance and efficiency of ICICI bank branches.

**CONCLUSION:**

Based on the above facts and figures regarding branch expansion, ATMs collections, size and volume of business , SBI is in a winning situation but the graph and figures of SBI is moving ups and down, on the other side the graph of ICICI is flying continuously towards the sky in many of the observations. Per branch performance of ICICI is far better than SBI in majority of the cases which reflects the efficiency and managerial skills of the bank, and if the situation will remain same ICICI may take a lead in Indian banking



industry in terms of profitability in near future.

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