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COMPARATIVE STUDY OF THE FINANCIAL PERFORMANCE OF THE SELECTED PRIVATE AND PUBLIC SECTOR BANKS IN INDIA

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ABSTRACT
The significance of banking institutions is growing steadily, as people seek secure and reliable places to safeguard their money. The credibility and reputation of a bank play a crucial role in influencing customer demand. With the advent of bank privatization, the growth of public sector banks has slowed down. At present, the Reserve Bank of India (RBI) regulates the entire Indian banking industry, and all banks are required to comply with its guidelines and recommendations.
For this study, the researcher selected three banks as a sample, covering a period of three years. Using balance sheet data, the financial performance of these banks was analysed and compared. The findings reveal that Punjab and Sind Bank demonstrates stronger profitability compared to the other two banks. The study suggests that Bank of Maharashtra should expand its business network in order to achieve growth similar to Punjab and Sind Bank, while Jammu and Kashmir Bank needs to reduce miscellaneous expenses and focus on capturing a larger market share.

Keywords: profitability, net profit, total income, total expenditures

1. INTRODUCTION
The banking sector plays an indispensable role in the economic development and financial stability of a nation. Banks act as the backbone of any economy by mobilising savings, facilitating investments, providing credit, and supporting various sectors through financial intermediation. As economies continue to experience rapid digital transformation, it has become increasingly important for individuals—especially those interacting with financial institutions daily—to remain informed about the operations, reforms, and financial health of banks. In this context, financial transparency has gained significant importance, both for regulators and the public. To meet this need for transparency, banks publish annual reports that provide comprehensive insights into their financial condition, performance metrics, risk exposure, and compliance with regulatory standards.
These annual reports typically include essential data such as profitability, solvency, liquidity, reserves and surplus, equity, liabilities, and the overall composition of assets. While this information is highly valuable, it is often complex and not easily understood by the general population, especially in a diverse country like India, where literacy levels vary widely. Consequently, the interpretation and communication of this information require analytical tools and expert analysis. This is where the role of researchers becomes critical. Scholars and financial analysts conduct performance evaluations using standardised methodologies, helping decode technical financial data into meaningful

insights for public understanding and policy formulation.

The concept of financial performance, in the context of banking, refers to how effectively a bank utilises its assets to generate income while maintaining financial soundness and meeting its obligations. It involves the assessment of a bank's ability to remain profitable, manage risks, ensure liquidity, and achieve long-term sustainability. Financial performance evaluation is not only useful for internal decision-making but also serves external stakeholders—such as investors, depositors, creditors, regulators, and the broader public—who depend on banks to safeguard their interests.

To assess financial performance comprehensively, various tools and models have been developed and widely adopted in academic and professional practice. Among the most common methods is ratio analysis, which includes the examination of profitability ratios (e.g., Return on Assets, Net Profit Margin), liquidity ratios (e.g., Current Ratio, Cash Ratio), and solvency ratios (e.g., Debt to Equity, Capital Adequacy Ratio). These ratios provide quantitative measures of a bank's operational efficiency, financial health, and risk profile.

Beyond ratio analysis, researchers and financial institutions often rely on advanced evaluative models to gain deeper insights. The CAMEL model-which evaluates Capital adequacy, Asset quality, Management efficiency, Earnings, and Liquidity, is a widely recognised framework used by regulatory authorities like the Reserve Bank of India (RBI) for supervisory purposes. Another valuable tool, particularly among cooperative banks and credit unions, is the PEARLS model, which focuses on Protection, Effective financial structure, Asset quality, Rates of return and cost, Liquidity, and Signs of growth. Additionally, models such as Economic Value Added (EVA), Balanced Scorecard, DuPont Analysis, and the Z-score model have gained popularity for their ability to measure value creation, operational efficiency, strategic alignment, and financial stability, respectively.

The relevance of such evaluations has grown significantly since the era of economic liberalisation in India. The post-1991 reforms—centred on liberalisation, privatisation, and globalisation- ushered in an era of rapid expansion in the banking sector. New private sector banks entered the market, public sector banks underwent transformation, and competition intensified. While these developments fostered innovation and improved services, they also introduced risks such as rising non-performing assets (NPAs), fraud, and governance challenges. As a result, the monitoring of financial performance has become more critical than ever to ensure accountability, maintain public confidence, and safeguard financial stability.

Moreover, with increasing competition and customer awareness, banks must maintain not only regulatory compliance but also service excellence. Poor financial performance can lead to erosion of customer trust, investor withdrawal, and, in extreme cases, systemic failure. The Reserve Bank of India plays a central role in regulating the sector, issuing guidelines, and conducting regular inspections to ensure the financial soundness of banks. Its oversight, combined with transparent financial reporting and academic research, contributes to a more robust and trustworthy banking environment.

In conclusion, the analysis of financial performance is not merely an academic exercise. It is a vital mechanism for ensuring the stability and reliability of the banking system. As the sector continues to evolve in response to technological, regulatory, and market changes, financial performance evaluation will remain an essential tool for all stakeholders. It helps identify areas of strength and weakness, supports better decision-making, enhances governance, and ultimately ensures that the banking sector fulfils its fundamental role in economic development and public service.

2. LITERATURE REVIEW

Balaji (2016) conducted a comparative study on the financial performance of selected public and private sector banks in India. The findings revealed that private sector banks demonstrated a higher growth rate, whereas public sector banks faced multiple challenges. The study recommended that public banks should adopt new strategies to overcome their financial difficulties.

Chaudhuri (2018) analysed the financial performance of SBI and ICICI using the CAMEL approach for the period 2010–2016, relying solely on secondary data. The results indicated that SBI underperformed compared to ICICI in terms of profitability and management efficiency. ICICI, on the other hand, showed a stronger financial position. The researcher suggested that SBI should improve its return on assets, debt-to-equity ratio, and credit-to-deposit ratio to enhance overall performance.

Prabha (2022) carried out a comparative study of SBI, IOB, and ICICI. The findings highlighted that while SBI reported higher total income compared to the other banks, it needed to control its expenditure to maintain profitability. The study also recommended that SBI pay attention to maintaining its capital adequacy ratio.

Patoliya (2018) examined the financial performance of selected public and private sector banks in India to assess and compare their overall financial efficiency. The study, based entirely on secondary data, employed statistical tools such as the F-test and T-test, along with financial indicators like profitability, liquidity, and solvency. The analysis concluded that private sector banks performed significantly better than public sector banks across all selected financial parameters.

Rayudu and Veeram (2018) studied the financial performance of selected public sector banks in India, focusing particularly on the impact of non-performing assets (NPAs). The research revealed that NPAs adversely affect banks' credibility, brand value, and customer trust. It emphasised the need for the government and the Reserve Bank of India to implement reforms and stricter controls on loans and advances to mitigate the NPA problem.

Vasani (2020) investigated the financial performance of selected private sector banks in India. The study identified significant differences in net profit among the banks, with HDFC Bank performing exceptionally well due to effective planning and management. In contrast, banks such as Yes Bank, Axis Bank, ICICI, and Jammu & Kashmir Bank were found to be in a weaker position compared to HDFC.

3. OBJECTIVE OF THE STUDY

1. To know the overall financial performance of the selected banks of India.
2. To compare the financial performance of selected banks of India.

4. RESEARCH METHODOLOGY

- **Sample Size:** Here, the researcher has selected 3 banks as a sample.

The following banks have been chosen for research work.

1. Bank of Maharashtra
2. Jammu and Kashmir Bank
3. Punjab and Sind Bank

- **Study Period:** This study covers the time period from 2021-22 to 2023-24.
- **Research Design:** The nature of this research is analytical and descriptive.
- **Parameter For This Study:** total income, total expenditures, and net profit
- **Data Collection:** This study is mainly based on secondary data. And this data is taken from the annual report of the company, and Reserve Bank Bulletin, and other literature of researchers.

5. DATA ANALYSIS AND DATA INTERPRETATION

Table no :1 Total income of banks during the 2021-22 to 2023-24 (in crores)

Year	Company		
	Bank of Maharashtra	Jammu and Kashmir Bank	Punjab and Sind Bank
2021-2022	156.72	8,794.41	8,055.19
2022-2023	181.79	10,111.92	8,932.69
2023-2024	234.93	12,037.84	10,915.44
Total income	573.43	30,944.16	27,903.33

Source: annual reports of the bank

Interpretation: from the above table researcher can infer about the economic position of the individual bank. Here, Jammu and Kashmir Bank has a good position in total income compared to the Bank of Maharashtra and Punjab and Sind Bank. And also, researchers can say that the Punjab and Sind banks are better than the Bank of Maharashtra. Every bank's total income increases, but Jammu and Kashmir banks' income grows quickly. So, Bank of Maharashtra should concentrate on the internal function as well as the external function of the bank. So that the income of the bank can be increased. The bank should take effective decisions about the customer services and also keep attention on employees' work and social welfare.

Total: 2 total expenditure of the banks during 2021-22 to 2023-24 (in crores)

year	company		
	Bank of Maharashtra	Jammu and Kashmir Bank	Punjab and Sind Bank
2021-2022	145.20	82,928.45	70,161.34
2022-2023	155.77	89,145.37	76,196.63

2023-2024	**194.38**	**1,02,705.73**	**1,03,200.25**
Total expenditure	**495.34**	**2,74,779.55**	**2,49,558.22**

Source: annual report of the bank

Interpretation: here, from the above table researcher concluded that the total expenditures of the Jammu and Kashmir bank are higher than other two selected banks. The proportion of expenditures does not determine the economic condition of the bank. But based on profit investor can estimate the position of the bank. So it affects the profitability of the bank. Punjab and Sind Bank has lower expenditures compared to the Jammu and Kashmir Bank. So the bank should incur expenses on necessary things. And banks should try to reduce the unnecessary expenses. Bank Maharashtra should concentrate on its business weaknesses and identify its strengths. Also, banks should work for the public and should give quality services to the public. Also, banks should focus on bad loans and non-performing assets. A bank should not keep deposits in its hands, but extra deposits should be invested in profitable places.

Table 3: Net profit of the banks during the 2021-2022 to 2023-2024 (in crores)

year	**company**		
	Bank of Maharashtra	**Jammu and Kashmir Bank**	**Punjab and Sind Bank**
2021-2022	**12.04**	**5,015.62**	**11,480.55**
2022-2023	**30.75**	**11,973.80**	**19,390.57**
2023-2024	**55.92**	**17,672.68**	**19,517.89**
Total net profit	**98.70**	**34,661.03**	**50,389.01**

Source: Annual Report of the Bank.

Interpretation: from the above table, the researcher concluded that the Punjab and Sind Bank has a higher net profit than the other two selected banks. The company should concentrate on reducing the expenses so that the goodwill of bank will increase. Jammu and Kashmir Bank and Bank of Maharashtra should reframe the environment of the bank. And give attention to advertising and give the best service to the customer. This work helps banks to enhance the share of market share.

6. FINDINGS AND RECOMMENDATION

1. **Income Performance:** The analysis reveals that Jammu and Kashmir Bank holds a comparatively stronger position in terms of total income. Its revenue generation capabilities are significantly higher than those of the Bank of Maharashtra and Punjab & Sind Bank. However, the latter two banks display weaker performance, indicating a need for strategic reforms. To improve their income base, these banks should diversify their sources of revenue, strengthen customer relationship management, and focus on employee satisfaction and motivation, as a motivated workforce often contributes directly to better customer service. Moreover, adopting socially responsible banking practices can also enhance their goodwill and market demand, ultimately leading to higher income levels.
2. **Expenditure performance:** Although Jammu and Kashmir Bank leads in total income, its expenditure is also considerably higher compared to the other two banks. Elevated expenses may affect long-term profitability and efficiency if not managed properly. Therefore, it is recommended that Jammu and Kashmir Bank take corrective measures to rationalise costs, optimise operational efficiency, and reduce unnecessary overheads. On the other hand, the Bank of Maharashtra and Punjab & Sind Bank currently maintain relatively lower expenditure levels, which is a positive indicator. These banks should continue monitoring their cost structures while ensuring that cost-cutting does not compromise service quality or growth opportunities.
3. **Profitability Position:** In terms of net profit, Punjab & Sind Bank has outperformed both Jammu and Kashmir Bank and the Bank of Maharashtra. This indicates that despite its comparatively lower income levels, Punjab & Sind Bank has managed to control expenses effectively and convert a greater portion of its income into profit. In contrast, the Bank of Maharashtra and Jammu and Kashmir Bank show weaker profitability performance. To enhance their net profit margins, these banks should adopt strategies such as improving asset quality, reducing non-performing assets (NPAs), strengthening risk management systems, and leveraging digital banking solutions for efficiency. A focused approach on improving credit appraisal mechanisms and expanding fee-based income streams can also help in enhancing overall profitability.

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