

A Financial Look on Major Private Sector Banks in Indian Scenario

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Abstract

The banking system remains, as always, the most dominant segment of the financial sector. Indian banks continue to build on their strengths under the regulator's watchful eye and hence, have emerged stronger. The world of banking has assumed a new dimension at dawn of the 21st century with the advent of tech banking, thereby lending the industry a stamp of universality. For the past three decades India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process. The present study is conducted analyze the consistency of the profitability of the major private sector bank. It is analyses that the ratio of interest income to total asset is maximum of Tamilnad Mercantile Bank Ltd i.e. 9.01%. It shows efficient management of the assets of the bank. The ratio of interest expended to total asset is minimum for H D F C Bank Ltd i.e. 3.62%. The ratio of burden to Total Assets is minimum for Axis Bank Ltd i.e. 0.15%.The ratio of Net profit to Total Assets is maximum for Karur Vysya Bank Ltd and Tamilnad Mercantile Bank Ltd i.e.1.45%.

Key words: Tech banking, Spread, profitability, dispersion, credit etc.

1. INTRODUCTION

The banking industry, one of the most important instruments of the national development, occupies a unique place in a nation's economy. Profit is the main reason for the continued existence of every commercial organization and profitability depicts the relationship of the absolute amount of profit with various other factors. The main source of operating income of a commercial bank are-interest and discount earned, commission, brokerage, income from non-banking assets and profit from sale of or dealing with such assets and other receipts. The expenditure broadly consist of – interest paid on deposits and borrowings and non interest cost or charges incurred on staff salary, stationery, rent, law charges, postage, telegram, telephone etc. The banking industry, one of the most important instruments of the national development, occupies a unique place in a nation's economy. Profit is the main reason for the continued existence of every commercial organization and profitability depicts the relationship of the absolute amount of profit with various other factors. The main source of operating income of a commercial bank are-interest and discount earned, commission, brokerage, income from non-banking assets and profit from sale of or dealing with such assets and other receipts. The expenditure broadly consist of – interest paid on deposits and borrowings and non interest cost or charges incurred on staff salary, stationery, rent, law charges, postage, telegram, telephone etc. In this context, some attempts have already been made at individuals as well as at the official level and various aspects of commercial banking profitability have been discussed. A brief review of these studies is given hereunder.

2. REVIEW OF LITERATURE

Luther (1976) chaired the committee appointed by Reserve Bank of India to study the productivity, efficiency and profitability of commercial banks. **Varde (1979)** has made a distinction between effectiveness, efficiency and

productivity of banks. **Amandeep (1983)** has studied the various factors that affect the profitability of commercial banks with the help of multiple regression analysis. **Angadi and Devraj, (1983)** have studied the factors that determined profitability and productivity of public sector banks (PSBs) in India. **Chakrabarthy, (1986)** has made an empirical study of the relative performance of different groups of banks (public, private and foreign) based on three basic parameters viz.(i) profit, (ii) earnings, and (iii) expenses. **Shah (1986)** has attempted an empirical study of the relationship between costs of banks at branch level. **Amandeep (1991)** attempted to estimate profit and profitability of Indian Nationalized banks. **Galagedera, Don U A, Edirisuriya, Piyadasa (1995-2002)**, in his article on Performance of Indian Commercial Banks investigates the efficiency and productivity in a sample of Indian commercial banks over the period 1995-2002. **Sarkar and Das (1997)** have compared the performance of public, private and foreign banks. **Sarkar, Sarkar and Bhaumik (1998)** compared performance across the three categories of banks, public, private and foreign, in India. **Subash C.Ray (2000)**, India's public sector banks (PSBs) are compared unfavorably with their private sector counterparts, domestic and foreign. This comparison rests, for the most part, on financial measures of performance, and such a comparison provides much of the rationale for privatization of PSBs. **Milind Sathya (2005)** examined the effect of privatization of banks on performance and efficiency. **Ved Pal and Malik (2007)** in their empirical paper examined the difference in financial characteristics of public, private and foreign sector banks based on factors such as profitability, liquidity, risk and efficiency. **Aggarwal, A.K., Singh, D. and Chaturvedi, N. (2007-08)** analyzed the performance of the banking sector and considered as a proxy for the economy as a whole, due to banks wide spectrum of exposures. **Ram Pratap Sinha (2008)**, in his study abstract that after the onset of banking sector reform in India, the Reserve Bank of India initiated a system of Prompt Corrective Action with various trigger points and mandatory and discretionary responses by the supervising authority on a real time basis.

3. OBJECTIVES OF THE STUDY

The present study is conducted with a view to achieve the following specific objectives:

1. To analyze the consistency of the profitability of the major private sector bank.
2. To identify the factors responsible for good or poor profitability performance.

4. DATA AND METHODOLOGY

The study has been conducted with reference to the data related to major private sector banks operating in India. The private sector banks have been studied with the belief that they hold the largest market share of banking business in India. The reference period for the analysis of the data has been taken from 2005-06 to 2009-10. The data for the study purpose have been taken mainly from "PROWESS". Ratio analysis has been used to evaluate the profitability performance of private sector banks and following ratio have been calculated:

- Interest Income to Total Assets.
- Interest Expended to Total Assets.
- Spread to Total Assets.
- Non Interest Income to Total Assets
- Non Interest Expenditure to Total Assets
- Burden to Total Assets
- Net Profit to Total Assets

5. ANALYSIS OF DATA

The following statistical tools have been used for analyzing the data:

1. $\bar{X} = \sum X / N$
2. $\sigma = \sqrt{(\sum X^2 / N)}$
3. $C.V. = (\sigma / \bar{X}) * 100$

Table 5.1: Interest Income to Total Assets (%)

BANKS	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
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Axis Bank Ltd.	05.80	06.08	06.39	07.33	06.44	06.41	00.58	08.99
Catholic Syrian Bank Ltd.	07.60	07.84	08.19	07.89	07.51	07.81	00.27	03.42
City Union Bank Ltd.	07.90	07.45	08.10	08.69	08.27	08.08	00.46	05.66
Development Credit Bank Ltd.	07.40	06.57	07.40	10.82	07.46	07.93	01.66	20.90
Dhanlaxmi Bank Ltd.	07.30	07.20	07.74	07.23	06.61	07.22	00.40	05.58
Federal Bank Ltd.	06.94	07.22	07.76	08.55	08.43	07.78	00.71	09.17
H D F C Bank Ltd.	06.03	07.38	07.60	08.78	07.07	07.37	00.99	13.44
I C I C I Bank Ltd.	05.65	06.65	07.89	08.28	07.25	07.14	01.04	14.57
I N G Vysya Bank Ltd.	07.29	06.57	06.57	07.02	06.59	06.81	00.33	04.86
Indusind Bank Ltd.	06.72	07.15	08.06	08.34	07.64	07.58	00.66	08.69
Jammu & Kashmir Bank Ltd.	06.45	06.63	07.43	07.92	07.18	07.12	00.60	08.39
Karnataka Bank Ltd.	06.80	07.73	08.06	08.51	07.54	07.73	00.64	08.23
Karur Vysya Bank Ltd.	07.22	07.82	07.58	08.47	07.99	07.82	00.47	05.96
Kotak Mahindra Bank Ltd.	07.06	06.79	08.95	10.67	08.69	08.43	01.57	18.68
Lakshmi Vilas Bank Ltd.	06.54	07.17	07.73	07.91	08.66	07.60	00.80	10.49
Ratnakar Bank Ltd.	07.16	06.64	07.26	08.06	06.90	07.20	00.54	07.44
South Indian Bank Ltd.	07.03	07.15	07.55	08.27	07.58	07.52	00.49	06.46
Tamilnad Mercantile Bank Ltd.	08.98	09.00	08.73	09.46	08.87	09.01	00.27	03.05
Yes Bank Ltd.	04.63	05.29	07.71	08.73	06.51	06.57	01.69	25.65
MEAN	06.87	07.07	07.72	08.47	07.54	07.53		
S.D.	00.93	00.78	00.61	00.99	00.77			
C.V.	13.57	11.01	07.91	11.71	10.27			

INTERPRETATION Table 5.1 exhibits the ratio of interest income as a percentage of total asset during the period 2006-2010 for major private sector banks. This ratio is an indicator of the rate at which a commercial bank earns income by lending the funds to the public. The higher ratio is an indicator of efficient management of banks' total assets. The table also reveals the standard deviation (S.D.) and co-efficient of variance (C.V.) for each nationalized banks over the study period and also for each year across the 19 banks. They measure the degree of variability of the ratio. Bank wise statistical analysis shows that the maximum average ratio is in the case of Tamilnad Mercantile Bank Ltd i.e. 9.01% followed by Kotak Mahindra Bank Ltd i.e. 8.43% while the ratio was minimum for Axis Bank i.e. 6.41% followed by Yes Bank Ltd i.e. 6.57%. The ratio in terms of dispersion was more variable in case of Yes Bank Ltd i.e. 25.65% followed by Development Credit Bank Ltd i.e. 20.90%. Year wise the average ratio which was

6.87% in 2006 became 7.54% in 2010. The ratio in terms of dispersion has moved from 13.57% in 2006 to 10.27% in 2010.

Table 5.2: Interest Expended to Total Assets (%)

BANK	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
Axis Bank Ltd.	03.63	04.08	04.03	04.83	03.67	04.05	00.48	11.91
Catholic Syrian Bank Ltd.	04.54	04.74	05.31	05.54	05.91	05.21	00.57	10.86
City Union Bank Ltd.	04.52	04.33	05.39	06.07	05.86	05.23	00.78	14.93
Development Credit Bank Ltd.	05.39	04.30	05.11	07.51	05.16	05.49	01.20	21.84
Dhanlaxmi Bank Ltd.	04.45	04.34	05.29	05.08	04.87	04.81	00.41	08.43
Federal Bank Ltd.	04.04	04.31	05.05	05.13	05.16	04.74	00.52	11.07
H D F C Bank Ltd.	02.62	03.48	03.66	04.85	03.49	03.62	00.80	22.06
I C I C I Bank Ltd.	03.80	04.73	05.86	05.98	04.83	05.04	00.90	17.84
I N G Vysya Bank Ltd.	04.42	04.26	04.62	04.99	04.14	04.49	00.33	07.45
Indusind Bank Ltd.	04.94	05.85	06.77	06.68	05.13	05.87	00.85	14.44
Jammu & Kashmir Bank Ltd.	03.94	03.94	04.95	05.27	04.55	04.53	00.60	13.16
Karnataka Bank Ltd.	04.35	05.15	05.69	06.30	06.30	05.56	00.83	14.90
Karur Vysya Bank Ltd.	04.08	04.69	05.24	06.07	05.42	05.10	00.75	14.78
Kotak Mahindra Bank Ltd.	03.32	03.51	04.62	05.38	03.73	04.11	00.87	21.07
Lakshmi Vilas Bank Ltd.	04.39	05.13	05.83	06.06	06.28	05.54	00.77	13.97
Ratnakar Bank Ltd.	04.10	03.69	03.54	04.35	04.08	03.95	00.33	08.35
South Indian Bank Ltd.	04.16	04.46	05.35	05.71	05.35	05.01	00.66	13.20
Tamilnad Mercantile Bank Ltd.	04.95	04.82	05.62	06.38	06.00	05.55	00.67	12.04
Yes Bank Ltd.	02.51	03.74	05.73	06.51	04.34	04.57	01.59	34.79
MEAN	04.11	04.40	05.14	05.72	04.96	04.87		
S.D.	00.73	00.61	00.79	0.78	00.89			
C.V.	17.66	13.80	15.39	13.68	17.88			

INTERPRETATION

Table 5.2 presents the ratio of interest expended as a percentage of total assets over the period 2006 to 2010 for major private sector banks. Interest expended to total assets ratios shows the rate at which a private bank incurs expenditure by borrowing funds. Interest expenses by bank refers to fund bases expenditure which consists of interest paid on total deposit (time deposit plus saving deposit plus demand deposit) and interest paid on external borrowings (debt). Lesser the ratio, greater is the profit margin and efficiency of a bank. Bank wise statistical analysis shows that the maximum average ratio is in the case of Indusind Bank Ltd i.e. 5.87% followed by Karnataka Bank Ltd i.e. 5.56%, while the ratio was minimum for H D F C Bank Ltd i.e. 3.62% followed by Ratnakar Bank Ltd i.e. 3.95%. The ratio in terms of dispersion was more variable in the case of Yes Bank Ltd i.e. 34.79% followed by H D F C Bank Ltd i.e. 22.06%. Year wise, the average ratio which was 4.11% in 2006 became 4.96% in 2010. The ratio in terms of dispersion has moved from 17.66% in 2006 to 17.88% in 2010.

Table 5.3: Spread to Total Assets (%)

BANKS	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
Axis Bank Ltd.	02.17	2.00	02.36	02.49	03.39	02.48	00.54	21.73
Catholic Syrian Bank Ltd.	03.06	03.10	02.88	02.35	01.74	02.63	00.58	21.98
City Union Bank Ltd.	03.39	03.12	02.72	02.62	03.01	02.97	00.31	10.41
Development Credit Bank Ltd.	02.01	02.26	02.29	03.31	02.38	02.45	00.50	20.39
Dhanlaxmi Bank Ltd.	02.91	02.86	02.45	02.16	02.49	02.57	00.31	12.18
Federal Bank Ltd.	02.90	02.91	02.71	03.42	03.68	03.12	00.41	13.06
H D F C Bank Ltd.	03.41	03.91	03.94	03.92	04.34	03.90	00.33	08.43
I C I C I Bank Ltd.	01.85	01.92	02.03	02.31	02.32	02.08	00.22	10.38
I N G Vysya Bank Ltd.	02.87	02.31	01.95	02.04	02.60	02.35	00.38	16.34
Indusind Bank Ltd.	01.78	01.29	01.29	01.66	03.20	01.85	00.79	42.78
Jammu & Kashmir Bank Ltd.	02.51	02.68	02.47	02.65	2.97	02.66	00.20	07.37
Karnataka Bank Ltd.	02.45	02.59	02.37	02.21	01.47	02.22	00.44	19.88
Karur Vysya Bank Ltd.	03.14	03.13	02.34	02.41	03.31	02.87	00.46	15.94
Kotak Mahindra Bank Ltd.	03.73	3.29	04.33	05.29	06.47	04.62	01.28	27.62
Lakshmi Vilas Bank Ltd.	02.14	02.04	01.90	01.85	03.00	02.19	00.47	21.43
Ratnakar Bank Ltd.	03.07	02.95	03.72	03.71	03.45	03.38	00.36	10.57
South Indian Bank Ltd.	02.86	02.69	02.20	02.57	02.79	02.62	00.26	09.94
Tamilnad Mercantile Bank Ltd.	04.03	04.17	03.11	03.08	03.47	03.57	00.51	14.27
Yes Bank Ltd.	02.12	01.54	01.98	02.22	03.44	02.26	00.71	31.33
MEAN	02.76	02.67	02.58	02.75	03.13	02.78		
S.D.	00.64	00.74	00.75	00.87	01.06			
C.V	23.29	27.63	29.16	31.66	33.74			

INTERPRETATION

Table 5.3 presents the ratio of Spread as a percentage of total assets over the period 2006 to 2010 for major private sector banks. This ratio is difference between Interest earned from lending the funds by bank and interest paid on deposits and borrowings. Bank wise statistical analysis shows that the maximum average ratio is in the case of Kotak Mahindra Bank Ltd i.e. 4.62% followed by H D F C Bank Ltd i.e. 3.90%, while the ratio was minimum for Indusind Bank Ltd i.e. 1.85% followed by I C I C I Bank Ltd i.e. 2.08%. The ratio in terms of dispersion was more variable in the case of Indusind Bank Ltd i.e. 42.78% followed by Yes Bank Ltd i.e. 31.33%. Year wise, the average ratio which was 2.76% in 2006 became 3.13% in 2010. The ratio in terms of dispersion has moved from 23.29% in 2006 to 33.74% in 2010.

Table 5.4: Non Interest Income to Total Assets (%)

BANK	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
Axis Bank Ltd.	0.98	1.06	1.21	1.47	1.41	1.23	0.21	17.39
Catholic Syrian Bank Ltd.	0.35	0.31	0.3	0.24	0.26	0.29	0.04	14.81
City Union Bank Ltd.	0.33	0.26	0.23	0.35	0.22	0.28	0.06	21.19
Development Credit Bank Ltd.	1.05	1.12	1.11	1.28	1.07	1.13	0.09	8.06

Dhanlaxmi Bank Ltd.	0.44	0.48	0.55	0.71	0.49	0.53	0.11	19.84
Federal Bank Ltd.	0.43	0.43	0.4	0.39	0.36	0.40	0.03	7.34
H D F C Bank Ltd.	1.42	1.41	1.28	1.34	1.27	1.34	0.07	5.22
I C I C I Bank Ltd.	1.19	1.25	1.39	1.48	1.32	1.33	0.11	8.61
I N G Vysya Bank Ltd.	0.75	0.77	0.98	1.03	1.03	0.91	0.14	15.40
Indusind Bank Ltd.	0.54	0.75	0.8	0.87	0.97	0.79	0.16	20.41
Jammu & Kashmir Bank Ltd.	0.27	0.31	0.25	0.24	0.24	0.26	0.03	11.26
Karnataka Bank Ltd.	0.41	0.52	0.54	0.45	0.46	0.48	0.05	11.18
Karur Vysya Bank Ltd.	0.85	0.84	0.81	0.82	0.71	0.81	0.06	6.94
Kotak Mahindra Bank Ltd.	1.81	1.14	1.36	1.18	1.36	1.37	0.27	19.41
Lakshmi Vilas Bank Ltd.	0.63	0.61	0.43	0.51	0.51	0.54	0.08	15.24
Ratnakar Bank Ltd.	0.21	0.19	0.24	0.27	0.23	0.23	0.03	13.30
South Indian Bank Ltd.	0.2	0.17	0.16	0.13	0.11	0.15	0.04	22.77
Tamilnad Mercantile Bank Ltd.	0.49	0.46	0.39	0.36	0.34	0.41	0.06	15.83
Yes Bank Ltd.	1	1	1.2	0.98	1.04	1.04	0.09	8.61
MEAN	0.70	0.69	0.72	0.74	0.71	0.71		
S.D.	0.44	0.39	0.44	0.46	0.45			
C.V	63.12	56.04	60.72	61.43	64.03			

INTERPRETATION

Table 5.4 presents the ratio of Non interest income as a percentage of total assets over the period 2006 to 2010 for major private sector banks Non interest income of banks represents income earned by way of commission, brokerage, service charges and other miscellaneous receipts. Efforts should be made to closely monitor this ratio so that the burden can be reduced and bank profitability can be increased. in the year 2010, This ratio was maximum in case of Tamilnad Mercantile Bank Ltd i.e. 8.87% and minimum was in case of Yes Bank Ltd i.e. 6.51%. Bank wise statistical analysis shows that the maximum average ratio is in the case of Tamilnad Mercantile Bank Ltd i.e. 9.01% followed by Kotak Mahindra Bank Ltd .i.e.8.43%, while the ratio was minimum Axis Bank Ltd i.e. 6.41% followed by Yes Bank Ltd i.e. 6.57%. The ratio in terms of dispersion was more variable in the case of Yes Bank Ltd i.e.25.65% followed by Development Credit Bank Ltd . i.e.20.90%. Year wise, the average ratio which was 6.87% in 2006 became 7.54% in 2010. The ratio in terms of dispersion has moved from 13.57% in 2006 to 10.27% in 2010.

Table 5.5: Non Interest Expenses to Total Assets (%)

BANKS	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
Axis Bank Ltd.	01.13	01.20	01.51	01.47	01.56	01.37	00.20	14.19
Catholic Syrian Bank Ltd.	02.71	02.11	02.05	02.12	01.92	02.18	00.31	14.01
City Union Bank Ltd.	01.33	01.23	01.02	01.08	01.06	01.14	00.13	11.44
Development Credit Bank Ltd.	03.09	02.54	02.48	03.09	02.45	02.73	00.33	12.10
Dhanlaxmi Bank Ltd.	02.14	01.86	01.69	01.53	01.94	01.83	00.23	12.76
Federal Bank Ltd.	01.37	01.26	01.11	01.10	01.16	01.20	00.11	09.52
H D F C Bank Ltd.	01.58	01.89	01.98	02.08	01.73	01.85	00.20	10.75
I C I C I Bank Ltd.	01.59	01.63	01.69	01.42	01.19	01.50	00.20	13.44

I N G Vysya Bank Ltd.	02.53	02.10	01.98	02.01	01.95	2.11	00.24	11.32
Indusind Bank Ltd.	01.07	01.01	01.06	01.30	01.45	1.18	00.19	16.03
Jammu & Kashmir Bank Ltd.	01.00	01.02	00.97	01.06	01.11	01.03	00.05	05.28
Karnataka Bank Ltd.	01.02	01.09	01.21	01.13	01.06	01.10	00.07	06.59
Karur Vysya Bank Ltd.	01.45	01.31	01.13	01.16	01.26	01.26	00.13	10.14
Kotak Mahindra Bank Ltd.	03.02	02.56	02.86	03.13	02.31	02.78	00.34	12.16
Lakshmi Vilas Bank Ltd.	01.67	01.39	01.41	01.53	01.45	01.49	00.11	07.65
Ratnakar Bank Ltd.	01.73	02.18	01.48	01.42	01.35	01.63	00.34	20.72
South Indian Bank Ltd.	01.62	01.28	01.15	01.32	01.17	01.31	00.19	14.42
Tamilnad Mercantile Bank Ltd.	01.70	01.68	01.55	01.50	01.41	01.57	00.12	07.80
Yes Bank Ltd.	10.72	01.46	01.68	01.43	01.08	01.47	00.26	17.31
MEAN	01.76	01.62	01.58	01.63	01.51	01.62		
S.D.	00.65	00.49	00.51	00.61	00.43			
C.V.	36.70	30.53	32.59	37.66	28.51			

INTERPRETATION

Table 5.5 presents the ratio of Non interest expenditure as a percentage of total assets over the period 2006 to 2010 for major private sector banks. Non interest expenditure of a bank represents manpower expenses, establishment charges and other contingent expenses. This ratio was maximum in case of Development Credit Bank Ltd i.e. 2.45% in the year 2007 and minimum was in the case of City Union Bank Ltd and Karnataka Bank Ltd i.e. 1.06%. Bank wise statistical analysis shows that the maximum average ratio is in the case of Kotak Mahindra Bank Ltd i.e. 2.78% followed by Development Credit Bank Ltd 2.73% while the ratio was minimum for Jammu & Kashmir Bank Ltd i.e. 1.03% followed by Karnataka Bank Ltd i.e. 1.10%.The ratio in terms of dispersion was more variable in case of Ratnakar Bank Ltd i.e. 20.72% followed by Yes Bank Ltd i.e. 17.31%. year wise,the average ratio which was 1.76% in 2006 became 1.51% in 2010. The ratio in terms of dispersion has moved from 36.70% in 2006 to 28.51% in 2010.

Table 5.6: Burden to Total Assets (%)

BANK	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
Axis Bank Ltd.	00.15	00.14	00.30	00.00	00.15	00.15	00.11	71.73
Catholic Syrian Bank Ltd.	02.36	01.80	01.75	01.88	01.66	01.89	00.27	14.53
City Union Bank Ltd.	01.00	00.97	00.79	00.73	00.84	00.87	00.12	13.38
Development Credit Bank Ltd.	02.04	01.42	01.37	01.81	01.38	01.60	00.30	19.00
Dhanlaxmi Bank Ltd.	01.70	01.38	01.14	00.82	01.45	01.30	00.33	25.69
Federal Bank Ltd.	00.94	00.83	00.71	00.71	00.80	00.80	00.10	12.00
H D F C Bank Ltd.	00.16	00.48	00.70	00.74	00.46	00.51	00.23	45.63
I C I C I Bank Ltd.	00.40	00.38	00.30	-00.06	-00.13	00.18	00.25	142.26
I N G Vysya Bank Ltd.	01.78	01.33	01.00	00.98	00.92	01.20	00.36	30.00
Indusind Bank Ltd.	00.53	00.26	00.26	00.43	00.48	00.39	00.13	32.04
Jammu & Kashmir Bank Ltd.	00.73	00.71	00.72	00.82	00.87	00.77	00.07	09.23

Karnataka Bank Ltd.	00.61	00.57	00.67	00.68	00.6	00.63	00.05	07.54
Karur Vysya Bank Ltd.	00.60	00.47	00.32	00.34	00.55	00.46	00.12	27.24
Kotak Mahindra Bank Ltd.	01.21	01.42	01.5	01.95	00.95	01.41	00.37	26.41
Lakshmi Vilas Bank Ltd.	01.04	00.78	00.98	01.02	00.94	00.95	00.10	10.88
Ratnakar Bank Ltd.	01.52	01.99	01.24	01.15	01.12	01.40	00.36	25.90
South Indian Bank Ltd.	01.42	01.11	00.99	01.19	01.06	01.15	00.17	14.35
Tamilnad Mercantile Bank Ltd.	01.21	01.22	01.16	01.14	01.07	01.16	00.06	05.21
Yes Bank Ltd.	00.72	00.46	00.48	00.45	00.04	00.43	00.24	56.96
MEAN	01.06	00.93	00.86	00.88	00.80	00.91		
S.D.	00.62	00.53	00.43	00.56	00.47			
C.V	58.79	56.86	50.10	63.89	58.81			

INTERPRETATION

Table 5.6 shows the ratio of burden as a percentage of total assets over the period of 2006 to 2011 for major private sector banks. This ratio is an indicator of the difference between the previously computed two ratios namely non interest expenditure as a percentage of total assets and non interest income as percentage of total assets of a bank. Bank wise statistical analysis shows that the maximum average ratio is in the case of Catholic Syrian Bank Ltd i.e. 1.89% followed by Development Credit Bank Ltd i.e. 1.60%, while the ratio was minimum for Axis Bank Ltd i.e. 0.15% followed by I C I C I Bank Ltd i.e. 0.18%. The ratio in terms of dispersion was more variable in the case of I C I C I Bank Ltd i.e. 142.26% followed by Axis Bank Ltd i.e. 71.73%. year wise, the average ratio which was 1.06% in 2006 became 0.80% in 2010. The ratio in terms of dispersion has moved from 58.79% in 2006 to 58.81% in 2010.

Table 5.7: Net Profit to Total Assets (%)

BANKS	2006	2007	2008	2009	2010	MEAN	S.D.	C.V.
Axis Bank Ltd.	00.97	00.89	00.97	01.22	01.39	01.09	00.21	19.26
Catholic Syrian Bank Ltd.	00.12	00.35	00.61	00.52	00.02	00.32	00.25	77.92
City Union Bank Ltd.	01.36	01.33	01.38	01.32	01.32	01.34	00.03	02.00
Development Credit Bank Ltd.	-02.27	00.13	00.50	-01.47	-01.27	-00.88	01.16	-132.10
Dhanlaxmi Bank Ltd.	00.33	00.46	00.70	01.01	00.28	00.85	00.30	35.54
Federal Bank Ltd.	01.08	01.16	01.12	01.28	01.06	01.14	00.09	07.65
H D F C Bank Ltd.	01.18	01.24	01.19	01.22	01.32	01.23	00.06	04.53
I C I C I Bank Ltd.	01.00	00.90	01.03	00.98	01.10	01.00	00.07	07.28
I N G Vysya Bank Ltd.	00.05	00.46	00.61	00.59	00.71	00.48	00.26	53.39
Indusind Bank Ltd.	00.20	00.32	00.32	00.53	00.98	00.47	00.31	65.72
Jammu & Kashmir Bank Ltd.	00.66	00.95	01.09	01.08	01.20	01.00	00.21	20.85
Karnataka Bank Ltd.	01.17	01.09	01.24	01.16	00.61	01.05	00.25	24.08
Karur Vysya Bank Ltd.	01.50	01.44	01.42	01.38	01.52	01.45	00.06	03.97
Kotak Mahindra Bank Ltd.	01.16	00.70	01.03	00.96	01.50	01.07	00.29	27.39
Lakshmi Vilas Bank Ltd.	00.45	00.30	00.38	00.60	00.29	00.40	00.13	31.53
Ratnakar Bank Ltd.	00.06	00.26	01.15	01.78	00.91	00.83	00.69	83.47

South Indian Bank Ltd.	00.47	00.76	00.88	00.95	00.91	00.79	00.19	24.50
Tamilnad Mercantile Bank Ltd.	01.65	01.49	01.42	01.33	01.35	01.45	00.13	08.93
Yes Bank Ltd.	01.32	00.84	01.17	01.32	01.31	01.19	00.21	17.35
MEAN	00.66	00.79	00.96	00.93	00.87	00.86		
S.D.	00.88	00.43	00.34	00.67	00.68			
C.V.	133.46	53.83	35.98	71.67	77.73			

INTERPRETATION

Table 5.7 shows the ratio of Net profit as a percentage of total assets over the period of 2006 to 2010 for major private sector banks. Net profit implies the balance of profit as per profit & loss account. This ratio indicates the efficiency with which a bank deploys its total assets in order to increase its profitability and serves as an index to the degree of asset utilization by banks. Bank wise statistical analysis shows that the maximum for Karur Vysya Bank Ltd and Tamilnad Mercantile Bank Ltd i.e.1.45% followed by City Union Bank Ltd i.e. 1.34% , while the ratio was minimum for Development Credit Bank Ltd i.e. -0.88% followed by Catholic Syrian Bank Ltd i.e. 0.32%. The ratio in terms of dispersion was more variable in case of Development Credit Bank Ltd i.e. 132.10% followed by Ratnakar Bank Ltd i.e. 83.47%. year wise,the average ratio which was 0.66% in 2006 became 0.87% in 2010. The ratio in terms of dispersion has moved from 133.46% in 2006 to 77.73% in 2010.

6. OVERALL PROFITABILITY PERFORMANCE

In order to judge the overall profitability performance of various private sector banks, the following seven indices have been applied:

1. Index of interest income to total assets.
2. Index of interest expended to total assets
3. Index of spread to total assets
4. Index of non interest income to total assets
5. Index of non interest expenditure to total assets
6. Index of burden to total assets
7. Index of net profit to total assets

To compute these indices, first of all, the respective ratios have been calculated over the period 2006-2010, then these ratios have been averaged bank wise and the respective indices have been computed by the method given below:

$$\text{Index} = \frac{\text{Average ratio for the concerned private sector bank}}{\text{Average ratio for aggregate of all private sector banks}}$$

Once the indices have been obtained, their average (\bar{X}) and standard deviation (σ) have been calculated. Further, with these profitability indices, banks have been classified in four performance level viz., excellent, good, fair and poor. Excellent level includes banks with top 25% of normal distribution i.e., where growth index value is greater than ($\bar{X} + 0.6745 \sigma$). Good category stands for banks whose growth index value is lying between 50-75% area of normal curve i.e., where growth index value is between \bar{X} to ($\bar{X} + 0.6745 \sigma$). Fair category includes banks with the growth index between 25-50% area under distribution i.e. where growth index is between ($\bar{X} - 0.6745 \sigma$) to \bar{X} . Poor performance level includes banks with bottom 25% under normal curve i.e. banks lying below ($\bar{X} - 0.6745 \sigma$). In this way, the various indices of profitability parameters have been calculated. For expenditure indices (interest paid index, non-interest expenditure index and burden index), these performance levels had been reversed (the banks lying at the top 25 percent area are ranked 'poor', lying between 50 to 75 percent are area ranked 'good; and the

banks lying at the bottom 25 percent of the normal distribution are ranked 'excellent'). This is because these are the expenses for the banks and lower the volume, the higher is the performance measured in profitability.

Table 6.1 highlights the indices of probability parameters. Mean and standard deviation have also been calculated for each parameter. Table 1.9 presents the profitability performance levels of the major private sector banks over the period under study.

TABLE6.1: INDICES OF PROFITABILITY PARAMETERS OVER THE PERIOD-2006-2010

BANK	Interest income to total asset	Interest expanded to total asset	Spread to total asset	Non interest expenditure to total asset	Non Interest Income to Total Asset	Burden to total asset	Net profit to total asset
Axis Bank Ltd.	0.85	0.83	0.89	0.85	1.72	0.89	1.27
Catholic Syrian Bank Ltd.	1.04	1.07	0.95	1.35	0.41	0.95	0.38
City Union Bank Ltd.	1.07	1.08	1.07	0.71	0.39	1.07	1.56
Development Credit Bank Ltd.	1.05	1.13	0.88	1.69	1.58	0.88	-1.02
Dhanlaxmi Bank Ltd.	0.96	0.99	0.93	1.13	0.75	0.93	0.99
Federal Bank Ltd.	1.03	0.97	1.12	0.74	0.57	1.12	1.33
H D F C Bank Ltd.	0.98	0.74	1.40	1.14	1.89	1.40	1.43
I C I C I Bank Ltd.	0.95	1.04	0.75	0.93	1.86	0.75	1.17
I N G Vysya Bank Ltd.	0.90	0.92	0.85	1.31	1.28	0.85	0.56
Indusind Bank Ltd.	1.01	1.21	0.66	0.73	1.11	0.66	0.55
Jammu & Kashmir Bank Ltd.	0.95	0.93	0.96	0.64	0.37	0.96	1.16
Karnataka Bank Ltd.	1.03	1.14	0.80	0.68	0.67	0.80	1.23
Karur Vysya Bank Ltd.	1.04	1.05	1.03	0.78	1.13	1.03	1.69
Kotak Mahindra Bank Ltd.	1.12	0.84	1.66	1.72	1.93	0.96	1.25
Lakshmi Vilas Bank Ltd.	1.01	1.14	0.79	0.92	0.76	0.79	0.47
Ratnakar Bank Ltd.	0.96	0.81	1.22	1.01	0.32	1.22	0.97
South Indian Bank Ltd.	1.00	1.03	0.94	0.81	0.22	0.94	0.93
Tamilnad Mercantile Bank Ltd.	1.20	1.14	1.29	0.97	0.57	1.29	1.69
Yes Bank Ltd.	0.87	0.94	0.81	0.91	0.05	0.81	1.39
MEAN	1.00	1.00	1.00	1.00	1.00	1.00	1.00
S.D.	0.08	0.13	0.25	0.32	0.62	0.19	0.63
C.V.	8.26	12.96	24.85	31.84	62.19	18.96	62.88

Index Performance	Interest income to total asset	Interest expanded to total asset	Spread to total asset	Non interest expenditure to total asset	Non Interest Income To Total Asset	Burden to total asset	Net profit to total asset
Excellent	City Union Bank Ltd.	Development Credit Bank Ltd.	H D F C Bank Ltd.	Catholic Syrian Bank Ltd.	Axis Bank Ltd.	H D F C Bank Ltd.	City Union Bank Ltd.
	Kotak Mahindra Bank Ltd.	Indusind Bank Ltd.	Kotak Mahindra Bank Ltd.	Development Credit Bank Ltd.	Development Credit Bank Ltd.	Ratnakar Bank Ltd.	Karur Vysya Bank Ltd.
	Tamilnad Mercantile Bank Ltd.	Karnataka Bank Ltd.	Ratnakar Bank Ltd.	I N G Vysya Bank Ltd.	H D F C Bank Ltd.	Tamilnad Mercantile Bank Ltd.	Tamilnad Mercantile Bank Ltd.
		Lakshmi Vilas Bank Ltd.	Tamilnad Mercantile Bank Ltd.	Kotak Mahindra Bank Ltd.	I C I C I Bank Ltd.		
		Tamilnad Mercantile Bank Ltd.			Kotak Mahindra Bank Ltd.		
Good	Catholic Syrian Bank Ltd.	Catholic Syrian Bank Ltd.	City Union Bank Ltd.	Dhanlaxmi Bank Ltd.	I N G Vysya Bank Ltd.	City Union Bank Ltd.	Axis Bank Ltd.
	Development Credit Bank Ltd.	City Union Bank Ltd.	Federal Bank Ltd.	H D F C Bank Ltd.	Indusind Bank Ltd.	Federal Bank Ltd.	Federal Bank Ltd.
	Federal Bank Ltd.	I C I C I Bank Ltd.	Karur Vysya Bank Ltd.	Ratnakar Bank Ltd.	Karur Vysya Bank Ltd.	Karur Vysya Bank Ltd.	H D F C Bank Ltd.
	Indusind Bank Ltd.	Karur Vysya Bank Ltd.					I C I C I Bank Ltd.

Good	Karnataka Bank Ltd.	South Indian Bank Ltd.					Jammu & Kashmir Bank Ltd.
	Karur Vysya Bank Ltd.						Karnataka Bank Ltd.
	Lakshmi Vilas Bank Ltd.						Kotak Mahindra Bank Ltd.
	South Indian Bank Ltd.						Yes Bank Ltd.
Fair	Dhanlaxmi Bank Ltd.	Dhanlaxmi Bank Ltd.	Axis Bank Ltd.	Axis Bank Ltd.	Dhanlaxmi Bank Ltd.	Axis Bank Ltd.	Dhanlaxmi Bank Ltd.
	H D F C Bank Ltd.	Federal Bank Ltd.	Catholic Syrian Bank Ltd.	I C I C I Bank Ltd.	Karnataka Bank Ltd.	Catholic Syrian Bank Ltd.	Development Credit Bank Ltd.
	I C I C I Bank Ltd.	I N G Vysya Bank Ltd.	Development Credit Bank Ltd.	Karur Vysya Bank Ltd.	Lakshmi Vilas Bank Ltd.	Development Credit Bank Ltd.	Ratnakar Bank Ltd.
	Jammu & Kashmir Bank Ltd.	Jammu & Kashmir Bank Ltd.	Dhanlaxmi Bank Ltd.	Lakshmi Vilas Bank Ltd.		Dhanlaxmi Bank Ltd.	South Indian Bank Ltd.
	Ratnakar Bank Ltd.	Yes Bank Ltd.	I N G Vysya Bank Ltd.	South Indian Bank Ltd.		Jammu & Kashmir Bank Ltd.	
			Jammu & Kashmir Bank Ltd.	Tamilnad Mercantile Bank Ltd.		Kotak Mahindra Bank Ltd.	

Fair			South Indian Bank Ltd.	Yes Bank Ltd.		South Indian Bank Ltd.	
Poor	Axis Bank Ltd.	Axis Bank Ltd.	I C I C I Bank Ltd.	City Union Bank Ltd.	Catholic Syrian Bank Ltd.	I C I C I Bank Ltd.	Catholic Syrian Bank Ltd.
	I N G Vysya Bank Ltd.	H D F C Bank Ltd.	Indusind Bank Ltd.	Federal Bank Ltd.	City Union Bank Ltd.	I N G Vysya Bank Ltd.	I N G Vysya Bank Ltd.
	Yes Bank Ltd.	Kotak Mahindra Bank Ltd.	Karnataka Bank Ltd.	Indusind Bank Ltd.	Federal Bank Ltd.	Indusind Bank Ltd.	Indusind Bank Ltd.
		Ratnakar Bank Ltd.	Lakshmi Vilas Bank Ltd.	Jammu & Kashmir Bank Ltd.	Jammu & Kashmir Bank Ltd.	Karnataka Bank Ltd.	Lakshmi Vilas Bank Ltd.
			Yes Bank Ltd.	Karnataka Bank Ltd.	Ratnakar Bank Ltd.	Lakshmi Vilas Bank Ltd.	
					South Indian Bank Ltd.	Yes Bank Ltd.	
					Tamilnad Mercantile Bank Ltd.		
					Yes Bank Ltd.		

7. INTERPRETATION

It is very much clear from the table 7.1 that three bank namely City Union Bank Ltd, kotak Mahindra bank ltd, Tamilnad Mercantile Bank Ltd achieved excellent performance with regard to index of interest earned to total assets ratio. A noteworthy point is that in all the banks Tamilnad Merchantile bank has achieved excellent level of performance in five indices i.e. Interest income to total asset, Interest expanded to total asset, Spread to total asset, Burden to total asset, Net profit to total asset and obtained fair performance in case of Non interest expenditure to total asset but its performance is poor in case of Non Interest Income To Total Asset. After tamilnad merchantile bank the kotak Mahindra bank has achieved excellent level in four out of seven indices. As far as the index of interest paid to total assets is concerned Development Credit Bank Ltd, Indusind Bank Ltd, Karnataka Bank Ltd, Lakshmi Vilas Bank Ltd, Tamilnad Mercantile Bank Ltd obtained the excellent performance level. As far as the index of non interest expenditure to total assets is concerned. Catholic Syrian Bank Ltd, Development Credit Bank Ltd, I N G Vysya Bank Ltd, Kotak Mahindra Bank Ltd achieved the excellent performance level. Dhanlaxmi Bank Ltd, H D F C Bank Ltd, Ratnakar Bank Ltd achieved good performance level, Axis Bank Ltd, I C I C I Bank Ltd, Karur Vysya Bank Ltd, Lakshmi Vilas Bank Ltd, South Indian Bank Ltd, Tamilnad Mercantile Bank Ltd, Yes Bank Ltd held fair performance level and City Union Bank Ltd, Federal Bank Ltd, Indusind Bank Ltd, Jammu & Kashmir Bank Ltd, Karnataka Bank Ltd held poor performance level. Bank can reduce their non interest expenditure by adopting effective budgeting techniques and by implementing various cost reduction programmes. Regarding the index of net profits to total assets, City Union Bank Ltd, Karur Vysya Bank Ltd and Tamilnad Mercantile Bank Ltd got excellent performance level but Catholic Syrian Bank Ltd, I N G Vysya Bank Ltd, Indusind Bank Ltd, Lakshmi Vilas Bank Ltd got poor performance level.

8. FINDING & SUGGESTIONS

FINDINGS:

1. The ratio of interest income as a percentage of total asset is an indicator of the rate at which a commercial bank earns income by lending the funds to the public. The higher ratio is an indicator of efficient management of banks' total assets. It reveals that standard deviation (S.D.) and co-efficient of variance (C.V.) for each private banks over the study period and also for each year across the 19 banks. It measures the degree of variability of the ratio. Bank wise statistical analysis shows that the maximum average ratio is in the case of Tamilnad Mercantile Bank Ltd i.e. 9.01% followed by Kotak Mahindra Bank Ltd i.e. 8.43% while the ratio was minimum for Axis Bank i.e. 6.41% followed by Yes Bank Ltd i.e. 6.57%.The ratio in terms of dispersion was more variable in case of Yes Bank Ltd i.e. 25.65% followed by Development Credit Bank Ltd i.e. 20.90%.Year wise the average ratio which was 6.87% in 2006 became 7.54% in 2010.The ratio in terms of dispersion has moved from 13.57% in 2006 to 10.27% in 2010.
2. The ratio of interest expended as a percentage of total assets shows the rate at which a private bank incurs expenditure by borrowing funds. Interest expenses by bank refers to fund bases expenditure which consists of interest paid on total deposit (time deposit plus saving deposit plus demand deposit and interest paid on external borrowings (debt). Lesser the ratio, greater is the profit margin and efficiency of a bank. Bank wise statistical analysis shows that the maximum average ratio is in the case of Indusind Bank Ltd i.e. 5.87% followed by Karnataka Bank Ltd i.e. 5.56%, while the ratio was minimum for H D F C Bank Ltd i.e. 3.62% followed by Ratnakar Bank Ltd i.e. 3.95%.The ratio in terms of dispersion was more variable in the case of Yes Bank Ltd i.e. 34.79% followed by H D F C Bank Ltd i.e. 22.06%.Year wise, the average ratio which was 4.11% in 2006 became 4.96% in 2010. The ratio in terms of dispersion has moved from 17.66% in 2006 to 17.88% in 2010.
3. The ratio of Spread as a percentage of total is difference between Interest earned from lending the funds by bank and interest paid on deposits and borrowings. Bank wise statistical analysis shows that the maximum average ratio is in the case of Kotak Mahindra Bank Ltd i.e. 4.62% followed by H D F C Bank Ltd i.e. 3.90%, while the ratio was minimum for Indusind Bank Ltd i.e. 1.85% followed by I C I C I Bank Ltd i.e. 2.08%.The ratio in terms of dispersion was more variable in the case of Indusind Bank Ltd i.e. 42.78% followed by Yes Bank Ltd i.e.31.33%.Year wise, the average ratio which was 2.76% in 2006 became 3.13% in 2010. The ratio in terms of dispersion has moved from 23.29% in 2006 to 33.74% in 2010.
4. The ratio of Non interest income as a percentage of total assets represents income earned by way of commission, brokerage, service charges and other miscellaneous receipts. Efforts should be made to closely monitor this ratio so that the burden can be reduced and bank profitability can be increased. in the year 2010,This ratio was maximum in case of Tamilnad Mercantile Bank Ltd i.e. 8.87% and minimum was in case of Yes Bank Ltd i.e. 6.51%.Bank wise statistical analysis shows that the maximum average ratio is in the case of Tamilnad Mercantile Bank Ltd i.e. 9.01% followed by Kotak Mahindra Bank Ltd .i.e.8.43%, while the ratio was minimum Axis Bank Ltd i.e. 6.41% followed by Yes Bank Ltd i.e. 6.57%.The ratio in terms of dispersion was more variable in the case of Yes Bank Ltd i.e.25.65% followed by Development Credit Bank Ltd i. 20.90%.Year wise, the average ratio which was 6.87% in 2006 became 7.54% in 2010. The ratio in terms of dispersion has moved from 13.57% in 2006 to 10.27% in 2010.
5. The ratio of Non interest expenditure as a percentage of total assets represents manpower expenses, establishment charges and other contingent expenses. This ratio was maximum in case of Development Credit Bank Ltd i.e. 2.45% in the year 2007 and minimum was in the case of City Union Bank Ltd and Karnataka Bank Ltd i.e. 1.06%. Bank wise statistical analysis shows that the maximum average ratio is in the case of Kotak Mahindra Bank Ltd i.e. 2.78% followed by Development Credit Bank Ltd 2.73% while the ratio was minimum for Jammu & Kashmir Bank Ltd i.e. 1.03% followed by Karnataka Bank Ltd i.e. 1.10%.The ratio in terms of dispersion was more variable in case of Ratnakar Bank Ltd i.e. 20.72% followed by Yes Bank Ltd i.e. 17.31%. year wise,the average ratio which was 1.76% in 2006 became 1.51% in 2010. The ratio in terms of dispersion has moved from 36.70% in 2006 to 28.51% in 2010.

6. The ratio of burden as a percentage of total assets is an indicator of the difference between the previously computed two ratios namely non interest expenditure as a percentage of total assets and non interest income as percentage of total assets of a bank. Bank wise statistical analysis shows that the maximum average ratio is in the case of Catholic Syrian Bank Ltd i.e. 1.89% followed by Development Credit Bank Ltd i.e. 1.60%, while the ratio was minimum for Axis Bank Ltd i.e. 0.15% followed by I C I C I Bank Ltd i.e. 0.18%. The ratio in terms of dispersion was more variable in the case of I C I C I Bank Ltd i.e. 142.26% followed by Axis Bank Ltd i.e. 71.73%. year wise, the average ratio which was 1.06% in 2006 became 0.80% in 2010. The ratio in terms of dispersion has moved from 58.79% in 2006 to 58.81% in 2010.
7. The ratio of Net profit as a percentage of total implies the balance of profit as per profit & loss account. This ratio indicates the efficiency with which a bank deploys its total assets in order to increase its profitability and serves as an index to the degree of asset utilization by banks. Bank wise statistical analysis shows that the maximum for Karur Vysya Bank Ltd and Tamilnad Mercantile Bank Ltd i.e. 1.45% followed by City Union Bank Ltd i.e. 1.34% , while the ratio was minimum for Development Credit Bank Ltd i.e. -0.88% followed by Catholic Syrian Bank Ltd i.e. 0.32%. The ratio in terms of dispersion was more variable in case of Development Credit Bank Ltd i.e. 132.10% followed by Ratnakar Bank Ltd i.e. 83.47%. year wise, the average ratio which was 0.66% in 2006 became 0.87% in 2010. The ratio in terms of dispersion has moved from 133.46% in 2006 to 77.73% in 2010.
8. The three bank namely City Union Bank Ltd, Kotak Mahindra bank ltd, Tamilnad Mercantile Bank Ltd. achieved excellent performance with regard to index of interest earned to total assets ratio. A noteworthy point is that in all the banks Tamilnad Mercantile bank has achieved excellent level of performance in five indices i.e. Interest income to total asset, Interest expended to total asset, Spread to total asset, Burden to total asset, Net profit to total asset and obtained fair performance in case of Non interest expenditure to total asset but its performance is poor in case of Non Interest Income To Total Asset. After Tamilnad Mercantile bank the Kotak Mahindra bank has achieved excellent level in four out of seven indices. As far as the index of interest paid to total assets is concerned Development Credit Bank Ltd, Indusind Bank Ltd, Karnataka Bank Ltd, Lakshmi Vilas Bank Ltd, Tamilnad Mercantile Bank Ltd obtained the excellent performance level. As far as the index of non interest expenditure to total assets is concerned Catholic Syrian Bank Ltd, Development Credit Bank Ltd, I N G Vysya Bank Ltd, Kotak Mahindra Bank Ltd achieved the excellent performance level. Dhanlaxmi Bank Ltd, H D F C Bank Ltd, Ratnakar Bank Ltd achieved good performance level, Axis Bank Ltd, I C I C I Bank Ltd, Karur Vysya Bank Ltd, Lakshmi Vilas Bank Ltd, South Indian Bank Ltd, Tamilnad Mercantile Bank Ltd, Yes Bank Ltd held fair performance level and City Union Bank Ltd, Federal Bank Ltd, Indusind Bank Ltd, Jammu & Kashmir Bank Ltd, Karnataka Bank Ltd held poor performance level. Bank can reduce their non interest expenditure by adopting effective budgeting techniques and by implementing various cost reduction programmes. Regarding the index of net profits to total assets, City Union Bank Ltd, Karur Vysya Bank Ltd and Tamilnad Mercantile Bank Ltd got excellent performance level but Catholic Syrian Bank Ltd, I N G Vysya Bank Ltd, Indusind Bank Ltd, Lakshmi Vilas Bank Ltd got poor performance level.

CONCLUSION

1. The ratio of interest income to total asset is maximum of Tamilnad Mercantile Bank Ltd i.e. 9.01%. It shows efficient management of the assets of the bank.
2. The ratio of interest expended to total asset is minimum for H D F C Bank Ltd i.e. 3.62%. It shows profit margin and efficiency of the bank is high.
3. The ratio of spread to total asset is maximum for Kotak Mahindra Bank Ltd i.e. 4.62%. It shows earning of bank is high.
4. The ratio of Non Interest Income to Total Assets is maximum for Tamilnad Mercantile Bank Ltd i.e. 8.87%.

5. The ratio of Non Interest Expenses to Total Assets is minimum for City Union Bank Ltd and Karnataka Bank Ltd i.e. 1.06%.
6. The ratio of burden to Total Assets is minimum for Axis Bank Ltd i.e. 0.15%.
7. The ratio of Net profit to Total Assets is maximum for Karur Vysya Bank Ltd and Tamilnad Mercantile Bank Ltd i.e.1.45%.

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