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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

COMPARATIVE STUDY OF SELECTED PRIVATE SECTOR BANKS IN INDIA

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ABSTRACT
Private Banks play an important role in development of Indian economy. Currently there are 25 private sector banks in India which are categorized by the RBI as an Old Private Sector Banks and New Private Sector Banks. Total branches of private bank are 10387 there in India. There is a significant increase in brunches for last few years. From 2008-09 to 2009-2010 Indian private sector banks have grown with a 12.98% growth rate. PRIVATE BANKS follow a Capitalistic Functioning. Profit Making and Wealth Maximization are their prime targets. They help economy grow faster, they help in capital accumulation for the country, they attract more FDI and FII in the economy, and they are the infrastructural pillars of the country. Both Public and Private Banks play a vital role in Economic Development. Without the presence of either, the economic development would be lopsided. The present study helps an investor who would like to be rational and scientific in his investment activity has to evaluate a lot of information about past performance and the expected future performance of the companies, industries and the economy as a whole before taking the investment decision and hence, the present study attempts to analyze the profitability position of the sample companies. For every investor analysis of economic performance is very vital in taking investment decisions. Thus, the present study has been conducted to study and examine the economic performance and sustainability of the six major banks.

KEYWORDS
Capitalistic, pillars, investment, profitability, sustainability.

INTRODUCTION
The Indian Banking system is unique and perhaps has no parallel in the banking history of any country in the world. It is interesting to study the evolution of Indian Banking over the Last five decades, in terms of organization, functions, resource mobilization, Socio-economic role, problems and solutions. The period of five decades witnessed many macro-economic developments, monetary and banking policies and the external situation, which influenced the evolution of Indian banking in different ways and in different periods.
Indian banks can be broadly classified into public sector banks (those banks in which the Government of India holds), private banks (government does not have a stake in these banks; they may be publicly listed and traded on stock exchanges) and foreign banks.
The new generation private banks have now established themselves in the system and have set new standards of service and efficiency. These banks have also given tough but healthy competition to the public sector banks. In India, as in many developing countries, the commercial banking sector has been the dominant element in the country's financial system. The Private sector has performed the key functions of providing liquidity and payment services to the real sector and has accounted for the Bulk of the financial intermediation process.
Private Banking in India was started since the beginning of banking system in India. The first private bank in India to be set up in Private Sector Banks in India was IndusInd Bank. With history repeating itself, private sector banking got a fillip with the Government of India relaxing the conditions for opening of private sector banks in the year 1994, as a part of their liberalization programme. Private Banks have been playing crucial role in enhancing customer oriented products with no choice left with the public sector banks except to innovate and compete in the process.
The first Private Bank in India to receive an in principle approval from the Reserve Bank of India was Housing Development Finance Corporation Limited, to set up a bank in the private sector banks in India as part of the RBI's liberalization of the Indian Banking Industry.

CURRENT SCENARIO
At the time of Independence in 1947, India had a fairly well-developed banking system. The process of financial development in independent India has hinged effectively on the development of commercial banking, with impetus given to industrialisation based on the initiatives provided in the five year plans
In 2009, banking in India was generally fairly mature in terms of supply, product range and reach in rural India still remains a challenge for the private sector bank and foreign sector banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The reserve bank of India is an autonomous body with minimal pressure from the government. The stated policy of the bank on the Indian rupee is to manage volatility but without any fixed exchange rate and this has mostly been true.
With the growth in the Indian economy expected to be strong for quite some time especially in its services sector, the demand for banking services, especially retail banking, mortgages and investment services are expected to strong. Currently, India has more than 88 scheduled commercial banks – 28 public sector banks, more than 29 private banks and more than 31 foreign banks. They have a combined network of over more than 53000 branches and more than 18000 ATMs. According to a report by ICRA Limited a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

REVIEW OF LITERATURE
Literature review is a study involving a collection of literature in the selected area of research in which the researcher has limited experience, and critical examination and comparison of them to have a better understanding. It also helps the researchers to update the past data, data sources and results and identify the gaps, if any in the researchers. Thus, the reviews in the present study consist of the ones discussed below and they reveal that there are very scant studies in India emphasizing on the fundamental analysis of the banking sector.
** Mark P. Bauman (1996) conducted a study named, "A Review of Fundamental Analysis Research in Accounting". This paper has outlined the development of different accounting valuation model and reviewed related empirical work. This paper identified three major issues associated with practical implementation of the model; the prediction of future profitability, the length of appropriate forecast horizon, and the determination of the appropriate discount rate.
** Prakash Tiwari & Hemraj Verma (2009) conducted a study on "A Fundamental Analysis of Public sector Banks in India". This article explains the position of the banks with reference to various ratios.
** Pramod Gupta, in his article titled, "Indian banks going Innovative", published in 'Professional Banker' Oct. 2003, reviewed that both public and private banks are spending large amounts of money on technology to provide innovative products and services to their customers with more convenience and satisfaction. Technology is reducing the cost of transaction and helping to increase customer base and enable wider reach.
** K. Srinivas Rao, attempted to study, in his publication Private Sector Banks in India and the Productivity Question", the productivity of the banking industry as a whole in the country. This work is on profitability. He concluded that social banking has become an essential ingredient of productivity alongside conventional banking.

** J. Oza in his paper made on International comparison of productivity and profitability of public banks in India. Analyzing the productivity of public sector banks, he observed that there has been substantial growth in productivity per employee.
** Dr. Umesh Charan Patnaik Publisher: Sonali Publications (2005) **"**Profitability In Public Sector Banks" This book is designed exclusively for the community which has greater interest in evaluating the performance of banking organizations. The book has laid emphasis on the analysis of profitability of public sector banks in general and State bank of India in particular.
** B. Satyamurty identified, in his article titled, "Bank costs and Profitability Concepts. Evaluation, Technique & Strategies for Improvement." In the journal of the Indian Institute of Bankers, July – Sept 1990. 26 ratios categorized into 6 different groups of performance. Their interrelationship in observation can be interpreted for systematic and evaluation of productivity and profitability performance of banks.

NEED AND OBJECTIVES OF THE STUDY
An investor who would like to be rational and scientific in his investment activity has to evaluate a lot of information about past performance and the expected future performance of the companies, industries and the economy as a whole before taking the investment decision and hence, the present study attempts to analyze the profitability position of the sample companies. Some of the objectives of conducting the study are as follows:
- Evaluation of financial performance of sample banks with different ratios.
- To take investment decisions cautiously after studying risks involved in the same.
- To study the working capital management of sample banks.
- To acquire practical exposure of financial analysis of a sample banks.
- To analyze the profitability position of the sample banks.

HYPOTHESIS
This specific hypothesis is tested at appropriate time while analyzing and interpreting the results. The following hypotheses have been taken to put on test:
H0: There would be no significant difference in (EPS) of all the sampled units during period of study.
H1: There would be significant difference in (EPS) of all the sampled units during period of study.
H0: There would be no significant difference in Net Profit Margin (NPM) of all the sampled units during period of study.
H1: There would be significant difference in Net Profit Margin (NPM) of all the sampled units during period of study.
H0: There would be no significant difference in Asset Turnover Ratio (ATR) of all the sampled units during period of study.
H1: There would be significant difference in Asset Turnover Ratio (ATR) of all the sampled units during period of study.
H0: There would be no significant difference in Return on Assets (ROA) of all the sampled units during period of study.
H1: There would be significant difference in Return on Assets (ROA) of all the sampled units during period of study.

METHODOLOGY
The present study adopts an analytical and descriptive research design. The data of the sample companies for a period of ten years 2002 to 2011 has been collected from the annual reports and the balance sheet published by the companies and the websites of the banks.
A finite sample size of six banks listed on the National Stock Exchange (NSE) has been selected for the purpose of the study. They are ICICI, HDFC, AXIS, KOTAK MAHINDRA, ING Vysya Bank and Indusind Bank.
The variables used in the analysis of the data are Earning Per Share, Net Profit Margin, Return on Equity, Assets turnover Ratio, and Return on Assets. While interpreting the results, the statistical tool of one way Analysis of Variance **(ANOVA)** has been used.

SAMPLE DESIGN

Sampling Technique: The study is done with special reference to private sector banks. The reason being that the data or the financial statements are readily available for them, Apart from this, private sector banks are bound to disclose all their facts and figures publicly. Thus, the technique of 'Convenience Sampling' is being adopted for the study. The election of sample companies is made on the basis of market capitalization.
Sample Size: Six private sector banks are chosen as sample size for the study on account of having the highest market capitalization.
TIME PERIOD OF THE STUDY: The study has been conducted from ***2002 to 2011***.

DATA COLLECTION

Financial statements are the raw data collected from various websites such as www.capitaline.com, www. moneycontrol.com, www.rbi.org and other Banks websites

TOOLS USED FOR ANALYSIS

- ***Ratio analysis:*** Ratios have been calculated for the past five years for the purpose of analysis. Ratios being designed are named as Earning per Share, Operating Profit Margin, Net Profit Margin, Price Earning Ratio, and Return on Assets.
- ***Analysis of Variance:*** The statistical tool that is used for testing hypothesis is one way analysis variance (ANOVA).

FINANCIAL ANALYSIS

This section of study embodies the calculation and analysis of selected variables taken into reflection for the study purpose. The ratios are being calculated by the aid of raw data available on the concerned website. The raw data encompasses yearly results and balance sheet of the sample companies. After calculation of ratios, analysis individual ratio is being done. The statistical tool used for analysis in one way analysis of variance (ANOVA). The ratios being calculated for the purpose of analysis of financial performance are:
- Earning Per Share (EPS)
- Net Profit Margin (NPM)
- Assets turnover Ratio (ATR)
- Return on Assets (ROA)

RESULTS AND DISCUSSIONS
EARNING PER SHARE (EPS)

Earning per share is the measure of a company's ability to generate after tax profits per share held by the investors. This ratio is computed with the help of the following formula as expressed in rupee terms:

Earning after tax and preferred dividends

Total number of equity shares outstanding

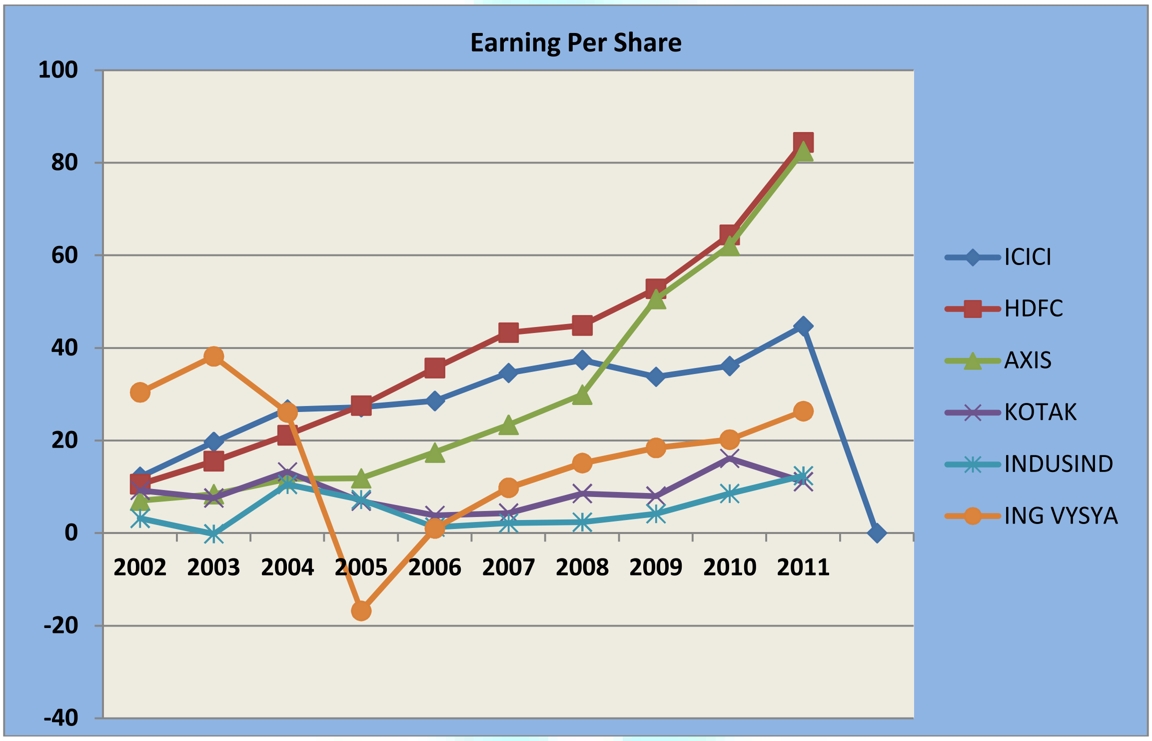
The earning per share position of the sample companies is summarized in below table and discussed.

EARNING PER SHARE

YEAR	ICICI	HDFC	AXIS	KOTAK	INDUSIND	ING Vysya	TREND
2002	12.14	10.56	6.99	9.21	3.17	30.39	12.076
2003	19.68	15.53	8.40	7.58	- 0.17	38.17	14.865
2004	26.71	21.16	11.72	13.22	10.50	26.05	18.226
2005	27.22	27.55	11.83	6.88	7.24	-16.81	**10.651**
2006	28.55	35.64	17.41	3.82	1.27	1.00	14.615
2007	34.59	43.29	23.40	4.33	2.13	9.78	19.586
2008	37.37	44.87	29.94	8.53	2.35	15.12	23.03
2009	33.76	52.77	50.57	7.99	4.18	18.40	27.945
2010	36.10	64.42	62.06	16.12	8.53	20.19	34.57
2011	44.73	84.40	82.54	11.10	12.39	26.34	**43.583**
Average	30.085	**40.019**	30.486	8.878	**5.159**	16.863	

(Source:- www.moneycontrol.com)

As shown in above table, the EPS of ICICI, HDFC, AXIS, KOTAK INDUSIND BANK AND ING VYSYA mostly showed an increasing trend. The EPS of HDFC is substantially higher than that of ICICI, AXIS , KOTAK INDUSIND BANK AND ING VYSYA during the last ten years i.e 2002 to 2011. On an average, HDFC has generated EPS of Rs. 40.019, highest among all, followed by ICICI (30.085), AXIS (30.486) ,KOTAK (8.878), INDUSIND BANK (5.159) and then ING VYSAY (16.683). And the lowest among the Six sample Banks is INDUSIND BANK (5.159). The analysis reveals that HDFC is the most efficient bank in the terms of generating earning per share.



The EPS position of sample companies is compared and tested using the following hypothesis. The details are shown in below table.

HYPOTHESIS TESTING

H0 : There would be no significant difference in EPS of all the sampled units during period of study.

H1 : There would be significant difference in EPS of all the sampled units during period of study.

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F_{cal}*	*F_{tab}*
Between Groups	9442.16	5	1888.43	7.19	2.37
Within Groups	14175.52	54	262.5		
Total	23617.68	59			

Since the calculated value of F is 7.19 which is greater than the table value of 2.37 at 5% significance level, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, it is concluded that the EPS position of ICICI, HDFC, AXIS, ING VYSYA, INDUSIND and KOTAK differ significantly.

NET PROFIT MARGIN (NPM)

Net profit margin indicates how much a company is able to earn after accounting for all the direct and indirect expenses to every rupee of revenue. This ratio is calculated by using the following formula and is expressed in percentage terms.

Net profit
------------- X 100
Net sales

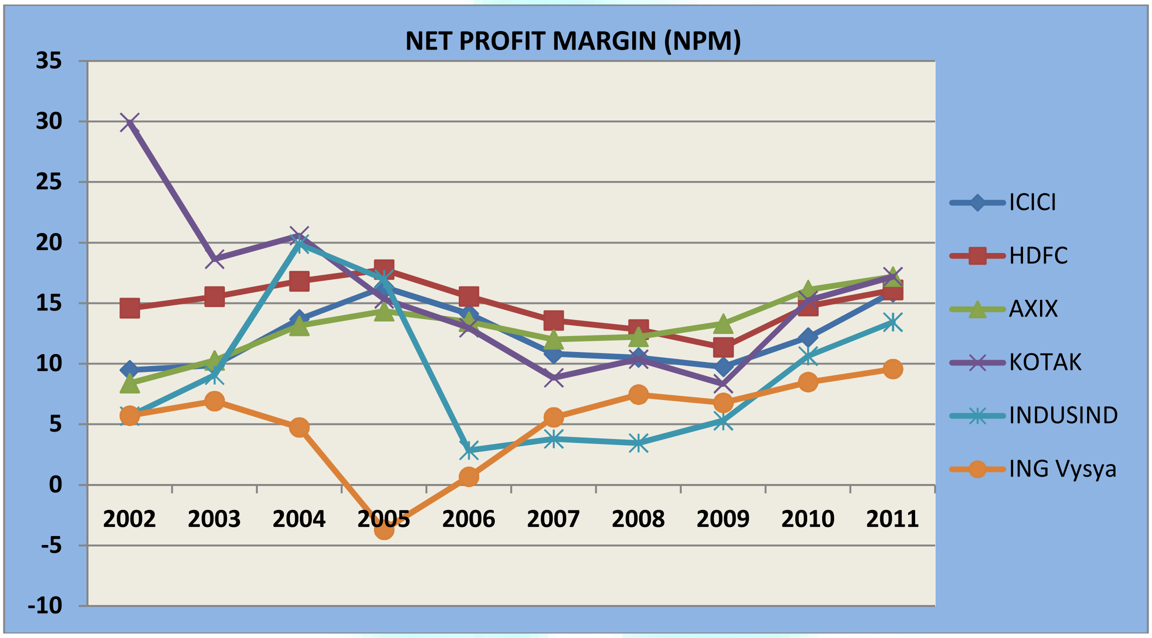
The net profit margin position of the sample companies is depicted in below table and discussed.

NET PROFIT MARGIN (NPM)

YEAR	ICICI	HDFC	AXIS	KOTAK	INDUSIND	ING Vysya	TREND
2002	9.47	14.58	8.40	29.92	5.67	5.71	12.291
2003	9.86	15.53	10.27	18.63	9.05	6.91	11.708
2004	13.67	16.81	13.14	20.57	19.87	4.74	14.8
2005	16.32	17.77	14.33	15.35	16.98	-3.71	12.84
2006	14.12	15.55	13.47	12.97	2.85	0.66	9.936
2007	10.81	13.57	12.01	8.84	3.79	5.57	**9.098**
2008	10.51	12.82	12.22	10.37	3.45	7.45	9.47
2009	9.74	11.35	13.31	8.35	5.29	6.77	9.135
2010	12.17	14.76	16.10	15.23	10.63	8.48	12.895
2011	15.91	16.09	17.20	17.19	13.43	9.56	**14.896**
Average	12.258	14.883	13.045	**15.742**	9.101	**5.214**	

(Source:- www.moneycontrol.com)

The above table reveals that KOTAK Bank outperformed than other banks in terms of net profit margin. Also, there is stagnation in the NPM position of ING VYSYA Bank. The highest NPM of KOTAK Bank is 29.92% in 2002, which of ICICI, HDFC, AXIS, INDUSIND and INGVYSYA are 9.47%, 14.58%, 8.4%, 5.67% AND 5.71% respectively. On an aggregate basis, the mean NPM of KOTAK Bank is 15.742%, the highest, followed by ICICI, DFC, AXIS, INDUSIND, ING VYSYA and ING VYSYA IS 5.214% the lowest among the four sample companies. Thus, it can be conclude that KOTAK Bank is the most efficient bank in controlling operating expenses in comparison with remaining selected private sector bank.



The NPM position of sample companies are compared and tested using the following hypothesis. The details are shown as below:

HYPOTHESIS TESTING

H0: There would be no significant difference in Net Profit Margin (NPM) of all the sampled units during period of study.

H1: There would be significant difference in Net Profit Margin (NPM) of all the sampled units during period of study.

ANOVA

Source of Variation	***SS***	***df***	***MS***	***F_{Cal}***	***F_{tab}***
Between Groups	774.132	5	154.82	8.42	2.37
Within Groups	992.263	54	18.375		
Total	1766.395	59			

Since the calculated value of F is 8.42 which is greater than the table value of 2.37 at 5% significance level, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, it is concluded that the **NPM** position of ICICI, HDFC, AXIS, ING VYSYA, INDUSIND and KOTAK differ significantly.

RETURN ON ASSETS (ROA)

Return on assets measures the overall efficiency of capital invested in business. It indicates what the yield is for every rupee invested in assets. This is computed using the following formula and is expressed in percentage terms.

Earning after taxes and preferred dividends
-- X 100
Total Assets

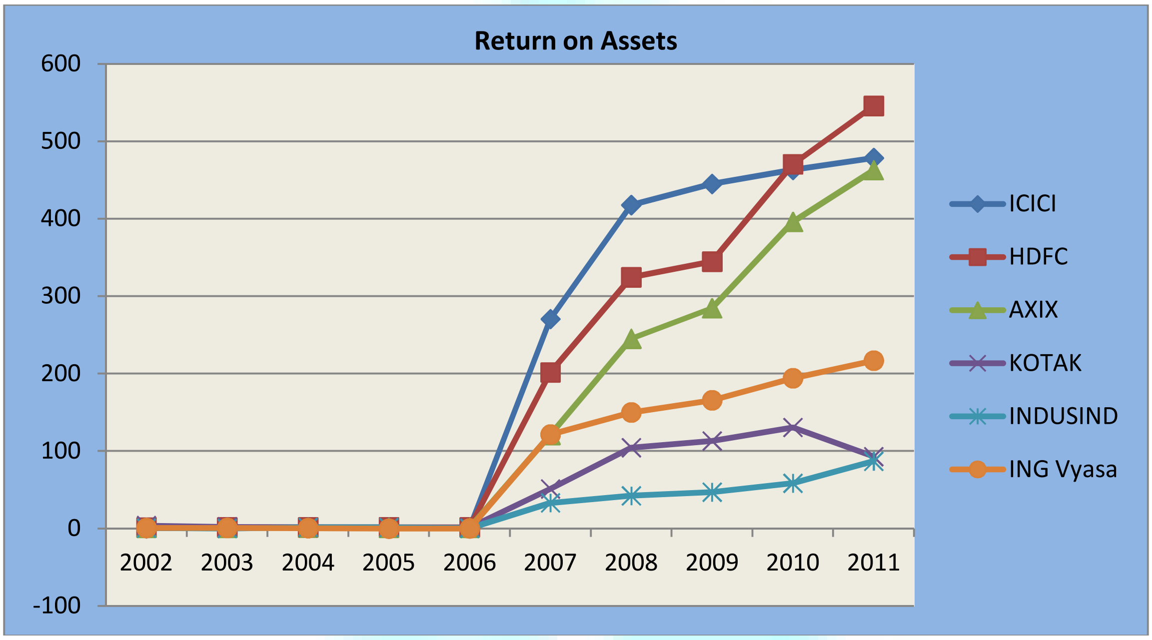
The return on assets position of the sample companies is depicted in below table and discussed.

RETURN ON ASSETS

YEAR	ICICI	HDFC	AXIS	KOTAK	INDUSIND	ING Vyasa	TREND
2002	0.26	1.25	0.93	3.73	0.50	0.64	1.218
2003	1.13	1.44	0.99	2.09	-0.02	0.75	1.063
2004	1.31	1.42	1.12	1.35	1.59	0.45	1.206
2005	1.20	1.66	0.86	1.30	1.35	-0.25	1.02
2006	1.01	1.52	0.98	1.16	0.21	0.05	**0.821**
2007	270.37	201.42	120.80	50.95	33.04	121.37	132.99
2008	417.64	324.38	245.13	104.26	42.19	149.86	213.91
2009	444.94	344.44	284.50	112.98	46.85	165.53	233.21
2010	463.01	470.19	395.99	130.40	58.35	194.05	285.33
2011	478.31	545.53	462.77	92.74	86.79	216.75	**313.82**
Average	**207.91**	189.32	151.4	50.096	**27.085**	84.92	

(Source:- www.moneycontrol.com)

Among all the four banks, ICICI has achieved the highest yield of 207.91 in an average then remaining all selected banks. And INDUSIND Bank has the lowest yield of 27.085 in an average. The above data indicates that after year 2006 ROI of each bank is going to increase. And it has the vast difference before and after year 2006-07. Thus, ICICI Bank is more efficient in generating yield over assets and hence their overall efficiency is better than other banks.



The ROA position of sample companies are compared and tested by using the following hypothesis. The details are shown below:

HYPOTHESIS TESTING

H0 : There would be no significant difference in Return on Assets (ROA) of all the sampled units during period of study.

H1 : There would be significant difference in Return on Assets (ROA) of all the sampled units during period of study.

ANOVA

Source of Variation	***SS***	***df***	***MS***	F_{Cal}	F_{tab}
Between Groups	282580.03	5	56516.006	2.36	2.37
Within Groups	1290941	54	23906.31		
Total	1573521.03	59			

Since the calculated value of F is 2.36 which is greater than the table value of 2.37 at 5% significance level, the null hypothesis is accepted and the alternative hypothesis is rejected. Hence, it is concluded that the **ROA** position of ICICI, HDFC, AXIS, ING VYSYA, INDUSIND and KOTAK does not differ significantly.

ASSET TRUNOVER RATIO (ATR)

The formula for the asset turnover ratio evaluates how well a company is utilizing its assets to produce revenue.

The numerator of the asset turnover ratio formula shows revenues which are found on a company's income statement and the denominator shows total assets which is found on a company's balance sheet. Total assets should be averaged over the period of time that is being evaluated.

It should be noted that the asset turnover ratio formula does not look at how well a company is earning profits relative to assets. The asset turnover ratio formula only looks at revenues and not profits.

$$\text{Asset turnover Ratio} = \frac{\text{Sales Revenue}}{\text{Total Assets}}$$

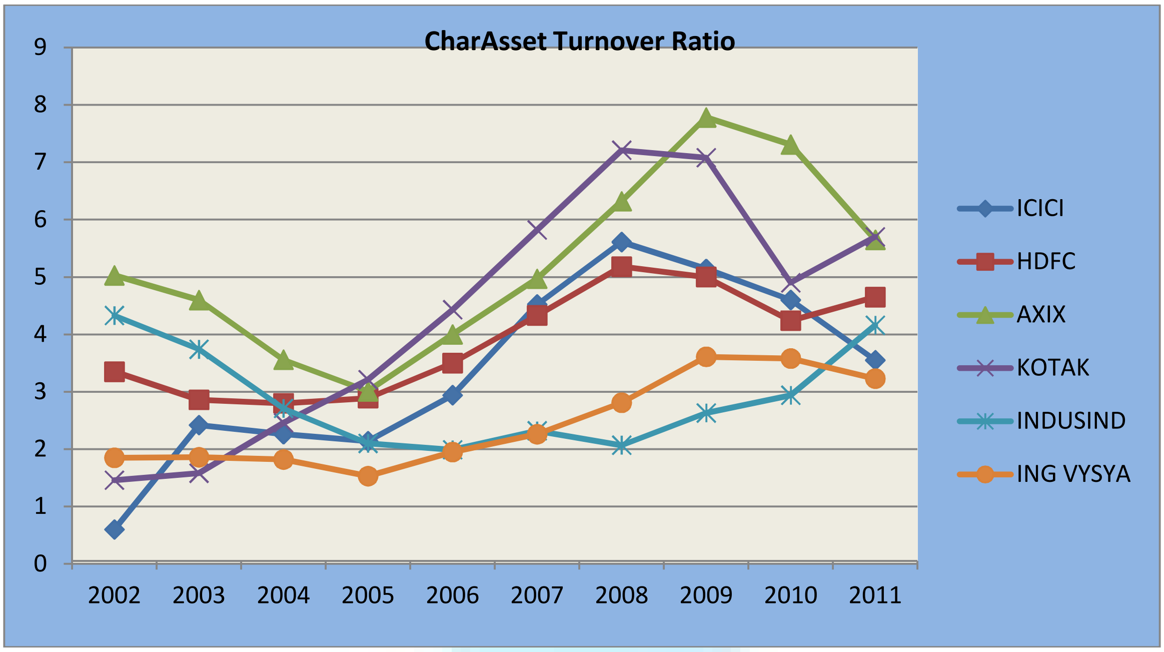
The assets Turnover position of the sample companies is depicted in below table and discussed.

ASSET TURNOVER RATIO

YEAR	ICICI	HDFC	AXIS	KOTAK	INDUSIND	ING Vyasa	TREND
2002	0.60	3.35	5.03	1.46	4.33	1.85	2.77
2003	2.42	2.86	4.60	1.58	3.74	1.86	2.843
2004	2.26	2.80	3.56	2.46	2.71	1.82	2.601
2005	2.14	2.89	3.01	3.21	2.10	1.53	**2.48**
2006	2.94	3.50	4.00	4.43	1.99	1.95	3.135
2007	4.52	4.33	4.97	5.82	2.32	2.26	4.036
2008	5.61	5.18	6.32	7.21	2.07	2.81	4.866
2009	5.14	5.00	7.78	7.08	2.63	3.61	**5.206**
2010	4.60	4.24	7.31	4.90	2.94	3.58	4.595
2011	3.55	4.65	5.65	5.70	4.16	3.23	4.49
Average	3.378	3.88	**5.223**	4.385	2.899	**2.45**	

(Source:- www.moneycontrol.com)

Among all six banks **Axis** bank has higher Assets turnover Ratio's average (ATO) that is 5.223 than remaining 5 banks. And **Ing vysya** bank has lowest turnover Ratio's average (ATO) that is 2.45.
The higher the ratio, the more sales that a company is producing based on its assets. Thus, a higher ratio would be preferable to a lower one. Axis Bank shows the higher ratio that is 5.223 would be preferable than any other bank mention above.



The ATR position of sample companies are compared and tested by using the following hypothesis. The details are shown below:

HYPOTHESIS TESTING

H_0: There would be no significant difference in Asset Turnover Ratio (ATR) of all the sampled units during period of study.

H_1: There would be significant difference in Asset Turnover Ratio (ATR) of all the sampled units during period of study.

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F_{Cal}*	*F_{tab}*
Between Groups	51.29	5	10.258	5.212	2.37
Within Groups	106.28	54	1.968		
Total	157.57	59			

Since the calculated value of F is 5.212 which is greater than the table value of 2.37 at 5% significance level, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, it is concluded that the **ATR** position of ICICI, HDFC, AXIS, ING VYSYA, INDUSIND and KOTAK differ significantly.

CONCLUSION

The first basic objective of any investor is the return or yield on investments. The fundamental analysis helps in developing an insight into the economic performance of above selected six banks. For every investor analysis of economic performance is very vital in taking investment decisions. Thus, the present study has been conducted to study and examine the economic performance and sustainability of the six major banks in private banking sector, ICICI, HDFC, AXIS, INDUSIND, ING VYSYA and KOTAK. The study reveals that HDFC has performed better in terms of Earning per Share than ICICI, AXIS, KOTAK INDUSIND BANK AND ING VYSYA during the last ten years i.e 2002 to 2011. The study also reveals that after KOTAK Bank again HDFC Bank has performed outstanding in terms of Net Profit margin than remaining banks. On the other hand, among all the six banks, ICICI has achieved the highest yield in terms of Return of Assets in an average then remaining all selected banks.

SCOPE FOR FURTHER RESEARCH

- Further research in this study may address the following important question:
- Further research may be done in another private sector Bank
- Further research may be done in another public sector Bank
- Further research may be done in another co-operative Bank
- Further research may be done in different time period
- Further research may be done with different ratios.

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