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CONTENTS

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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.

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UNPUBLISHED DISSERTATIONS AND THESES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.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on July 05, 2011 http://epw.in/user/viewabstract.jsp

STUDY THE PERFORMANCE OF STATE BANK OF INDIA IN COMPARISON TO ICICI FOR THE PERIOD 2001-09: AN EMPIRICAL STUDY

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ABSTRACT

Last decade has seen dynamic transformation in the Indian banking. The financial system comprising of variety of participants like different markets and regulators, instruments and players have improved their overall efficiency. The Banking sector seems to be the most vibrant among all with more emphasize on sustainable growth and profitability in the era of NPA management and adequate capital infusion under BASEL II norms. An uncompetitive banking structure will fail to respond to the needs of economic growth with long-term impact. In this paper, we emphasize the need to bring competitiveness within the key players of banking sector itself. The industry is witnessing fast changes in the form of operational regulations: Cheque truncation, introduction of Islamic banking, licenses to NBFC's, Basel accord norms for capital enhancement, replacement of BPLR with base rate, teaser rates, daily calculation of saving account interest at a minimum of 4%, redefinition of priority sector, foreign exchange fluctuations, risk management etc. This study aims at bringing the factors into limelight which have resulted in the transformation of financial positions the two biggest banks of India banking arena. The paper revealed that out of the seven factors, the impact of employee's productivity, net profit, earning per share, net interest margin is positive whereas NPA level, return on asset and capital adequacy ratio have negative impact on the financial position of both banks during the time frame of 2001-2009.

KEYWORDS
Capital Adequacy Ratio, Earning per share, Teaser rate, Benchmark prime lending rate, NBFC.

INTRODUCTION
Last decade has seen dynamic transformation in the Indian banking. The financial system comprising of variety of participants like different markets and regulators, instruments and players have improved their overall efficiency. The Banking sector seems to be the most vibrant among all with more emphasize on sustainable growth and profitability in the era of NPA management and adequate capital infusion under BASEL II norms. Some banks have established an outstanding track record of innovation, growth and value creation being reflected in their market valuations. The cost of banking intermediation in India is higher and bank penetration is far lower than in other markets. Though India's banking proved its strength during the global recession 2008 but still need is there to have a better regulatory framework with more accurate operation guideline. While the onus for these changes lies mainly with regulators and bank managements. An uncompetitive banking structure will fail to respond to the needs of economic growth with long-term impact. In this paper, we emphasize the need to bring competitiveness within the key players of banking sector itself. The industry is witnessing fast changes in the form of operational regulations: Cheque truncation, introduction of Islamic banking, licenses to NBFC's, Basel accord norms for capital enhancement, replacement of BPLR with base rate, teaser rates, daily calculation of saving account interest at a minimum of 4%, redefinition of priority sector, foreign exchange fluctuations, risk management etc.

Competition has emerged in the Indian banking sector after the reforms of 1991 with the liberalization of banking sector and introduction of private banks to act as a competitive base for the already existing nationalized commercial banks. The new generation banks have leverage on technology, tailored products and better customer services to compete in an unmatched competitor i.e. (PSU Banks). The race is lead by Axis bank formerly known as UTI Bank, ICICI Bank, HDFC Bank etc. The race for acquisition of market share from existing player is very tough keeping customer reservations for govt. banks over private players. This paper covered the transition period of 2001 to 2010 to study the changes in the market share in specific reference to State Bank of India and Industrial Credit and Investment Corporation of India.

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA

Bank is India's largest private sector bank by market capitalisation()and second largest overall in terms of assets().The Bank has a network of 1,700 plus branches and about 4,721 ATMs spread across India and abroad with over 24 million customers. ICICI Bank offers a wide range of banking products and services to both corporate and retail customers through a variety of delivery channels and specialised subsidiaries like investment banking, life and non-life insurance, venture capital and asset management etc. It is also the largest issuer of credit cards in India. The Bank is expanding in overseas markets with wholly-owned subsidiaries, branches and representatives offices in 18 countries (i.e. Canada, Russia and the UK, offshore banking units in Bahrain and Singapore, an advisory branch in Dubai, branches in Belgium, Hong Kong and Sri Lanka, and representative offices in Bangladesh, China, Malaysia, Indonesia, South Africa, Thailand, United Arab Emirates and USA). The bank's current and savings account (CASA) ratio increased to 30% in 2008 from 25% in 2007.

STATE BANK OF INDIA

State Bank of India, the largest state controlled bank in India. Government of India nationalised the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the Government took over the stake held by the Reserve Bank of India. SBI provides a range of banking products through its vast network in India and overseas (i.e. over 16000 branches). With an asset base of $250 billion, it has a market share of about 20% in deposits and advances. It has improved its efficiency through computerisation and Golden handshake schemes (VRS). It has converted all its branches under Core Banking System (CBS) with largest ATM networks in the region.

REVIEW OF LITERATURE

Manthoss, Molyneux & Pasiouras (2008) '*Regulations and productivity growth in banking*'**.** The study covered the period of 1999-2006 in 22 countries. In their study they have used the Malmquist index to estimate the productivity growth of banks using variables like capital requirements, official supervisory power, market discipline, and restrictions on bank activities. The results indicate that regulations and incentives that promote private monitoring have a positive impact on productivity. Restrictions on banks' activities relating to their involvement in securities, insurance, real estate and ownership of non-financial firms also have a positive impact

Kundapur V. K., (2007) studied the scope of capital infusion to keep the growth pace to the existing level to make ICICI Bank number one before the doors opens for foreign banks. It states that the faster pace of asset creation will bring synergy to compete with biggers domestic and international entities. (ICICI Bank had assets of Rs344,658 crore as on March 31, 2007, against SBI's estimated figure of Rs 554,573crore)

Arpit, A (2005), "*ICICI Bank to see more growth in private banking*" the study reveals the bank's expansion strategy through target marketing (HNI) and doubling its assets under management. Strategies used were expansion of new branches, specialized training programs and target marketing. It revealed that GDP forecast with increasing purchasing power leads to faster growth of banking sector. The study also emphasis scope of rise in profit was on account of other income and lower costs of funds.

Mohan. and **Ray (2004)** "*Productivity Growth and Efficiency in Indian Banking*" This study Compared the performance of public, private, and foreign banks operating in India. It measured the productivity covering twenty seven public sector banks, twenty one private sector banks & fourteen foreign banks during the period of 1992-2000. They measured productivity by using output as loan income, investment income and non-interest income parameters. For inputs, they considered interest and operating cost (which includes labor and non-labor, noninterest costs). Out of a total of six comparisons they have made, there are no differences in three cases, PSB's do better in two, and foreign banks in one.

OBJECTIVE OF STUDY

1. To study the factor affecting the market share of SBI & ICICI.
2. To analyze the impact of various economic changes on SBI in comparison to ICICI.

RESEARCH METHODOLOGY

Descriptive Research: It describes data and characteristics about the population or phenomenon being studied. The idea behind this type of research is to study frequencies, averages and other statistical calculations. Although this research is accurate, it does not gather the causes behind a situation.

Sources of Data: We have used secondary data for our research study. The secondary data have been collected mainly from RBI monthly bulletins, books on financial sector, financial express, various newspapers and other literature available in the field.

Study Period: the study has covered the period of 2000 to 2009.

We have considered affect of the following parameters: productivity per employee, net profit, NPA level, earning per share, net interest margin, and return on asset, capital adequacy norms.

FACTORS AFFECTING THE GROWTH OF SBI

1. NET PROFIT: net profit is calculated by subtracting a company's total expenses from total revenue, thus showing what the company has earned (or lost) in a given period of time (usually one year) also called net income or net earnings.

2. NET INTEREST MARGIN: performance metric that examines how successful a firm's investment decisions are compared to its debt situations. A negative value denotes that the firm did not make an optimal decision, because interest expenses were greater than the return generated by investment.

3. NPA's: A classification used by financial institutions that refer to loans that are in jeopardy of default. Once the borrower has failed to make interest or principal payments for 90 days the loan is considered to be a non-performing asset.

4. CAPITAL ADEQUACY RATIO: A measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures.

$$CAR = \frac{\text{Tier One Capital} + \text{Tier Two Capital}}{\text{Risk Weighted Assets}}$$

5. RETURN ON ASSET: It is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment". The formula for return on assets is:

$$= \frac{\text{Net Income}}{\text{Total Assets}}$$

6. PRODUCTIVITY PER EMPLOYEE: Productivity refers to the efficiency of the labour employed it is further classified under the following sub heads:-

a. **Business per employee:** it is an important ratio that looks at a company's sales in relation to the number of employees they have. It is calculated as:

Calculated as: $= \frac{\text{total revenue}}{\text{No. of employees.}}$

b. **Profit per employee:**

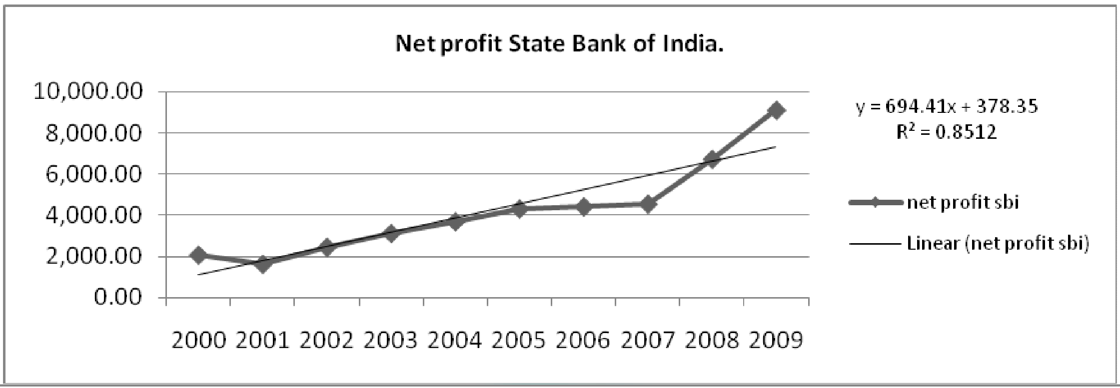
Calculated as $= \frac{\text{revenue} - \text{cost}}{\text{No. of employees.}}$

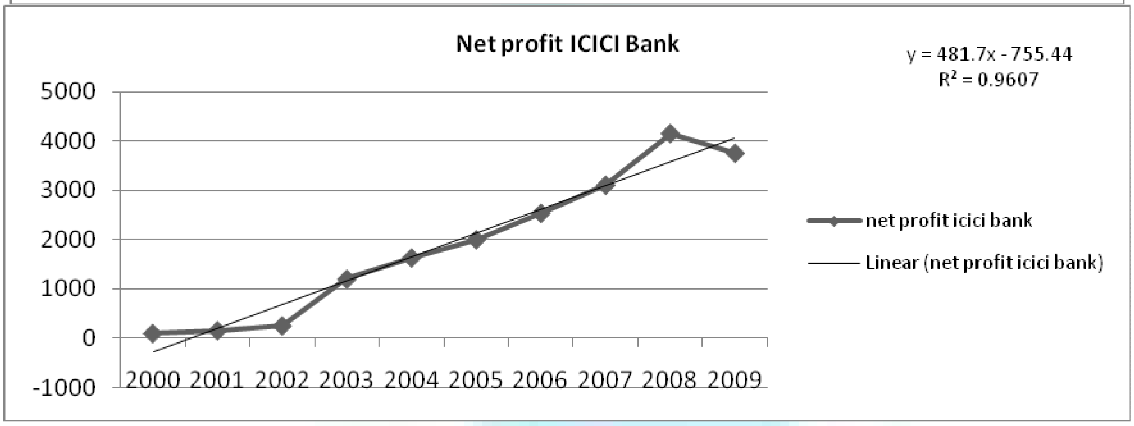
7. Earnings per Share: The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability. Calculated as:

$$= \frac{\text{Net Income} - \text{Dividends on Preferred Stock}}{\text{Average Outstanding Shares}}$$

ANALYSIS

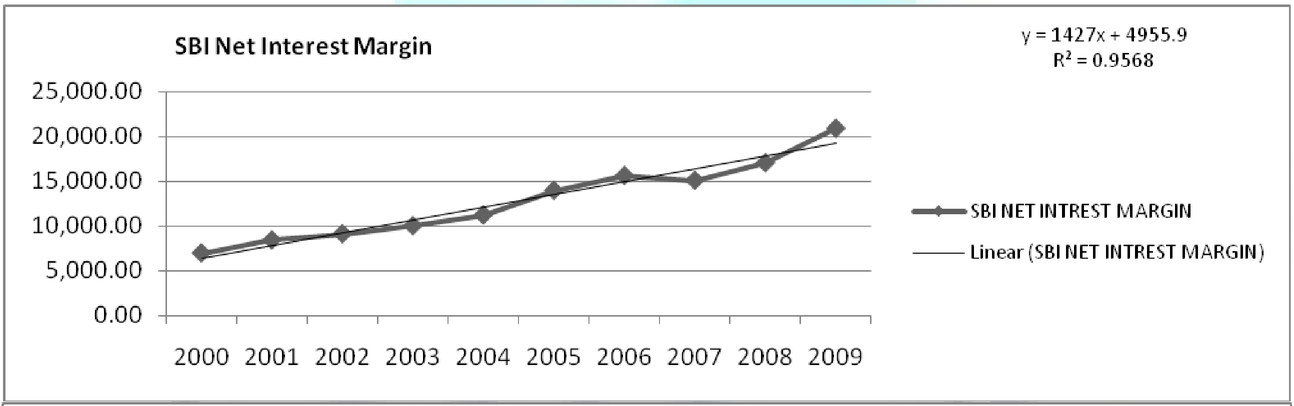
A. DEPOSITS STATE BANK OF INDIA AND ICICI BANK

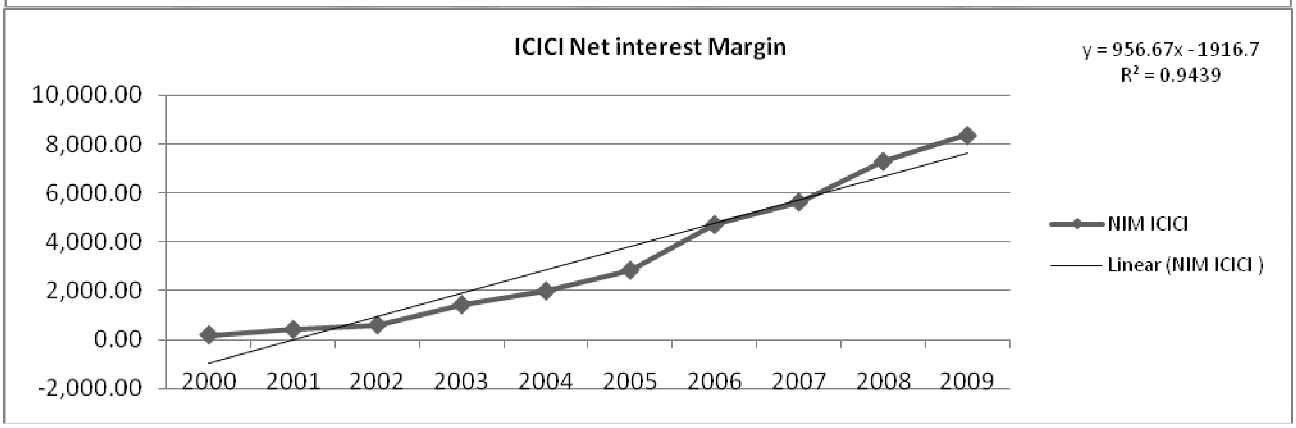




Net Profit:_ The net profit of the SBI bank during the period has increased from 2051 cr. in 2000 to 9121 cr. in 2009. On the other side the net profits of ICICI bank in 2000 was Rs.105 cr. to Rs. 3758 cr. in 2009. From the table we can analyze that the profit of ICICI during the increased by 35 times. On the other hand the profit of SBI during the period increased by only 4.5 times In this study we have compared net profit with various quantitative parameters and we tried to find out the relationship for the same in below mentioned paragraph. The relation of net profit and - it has strong correlation with net interest margin (.954) with significance level of 0%, business per employee (.975, 0%), profit per employee (.976, 0%) and earnings per share (.989, 0%) and negative correlation with non performing asset, capital adequacy ratio and return on asset.

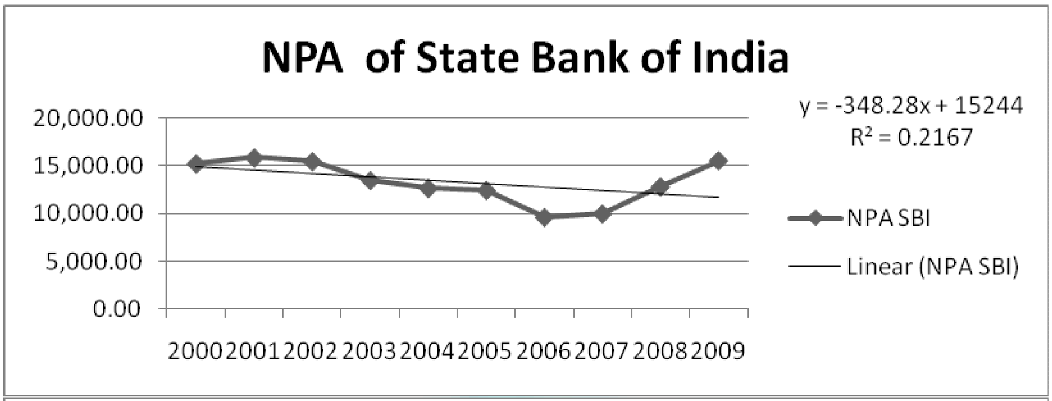
B. NET INTEREST MARGIN STATE BANK OF INDIA AND ICICI BANK

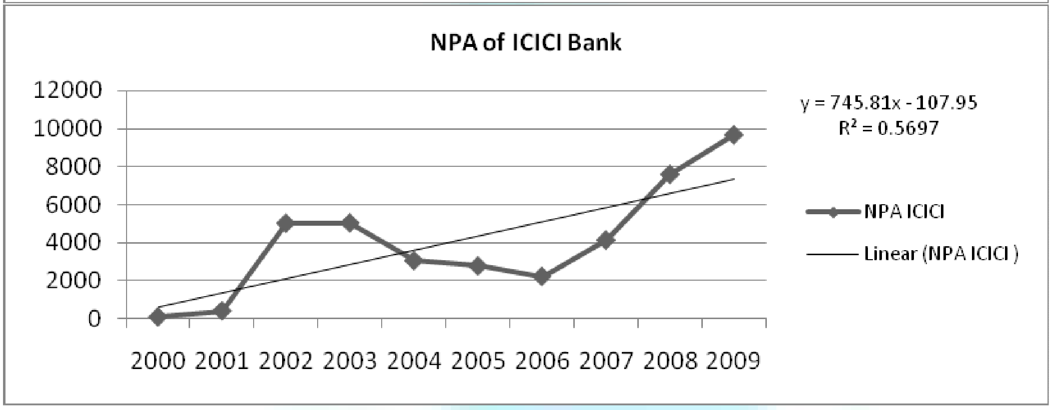




NET INTEREST MARGIN: the net interest margin (interest received - interest expenses) of the SBI during the period has increased from 6,928.35cr. in 2000 to 20,873.14 cr. in 2009. On the other side the net profits of ICICI bank in 2000 was Rs.105 cr. to Rs. 3758 cr. in 2009. The net interest margin has strong positive correlation with net profit, business per employee, productivity and earnings per share. It has negative correlation with non performing asset, capital adequacy ratio and return on asset.

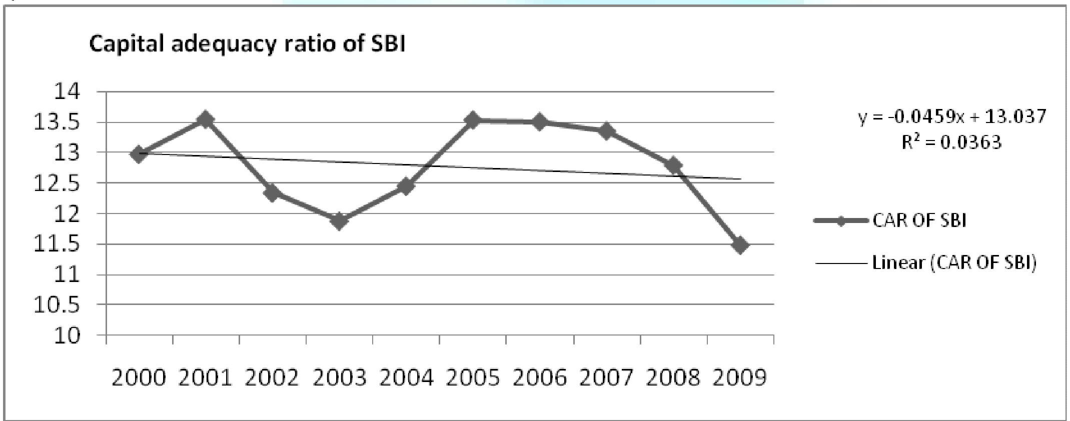
C. NONPERFORMING ASSETS OF STATE BANK OF INDIA AND ICICI BANK

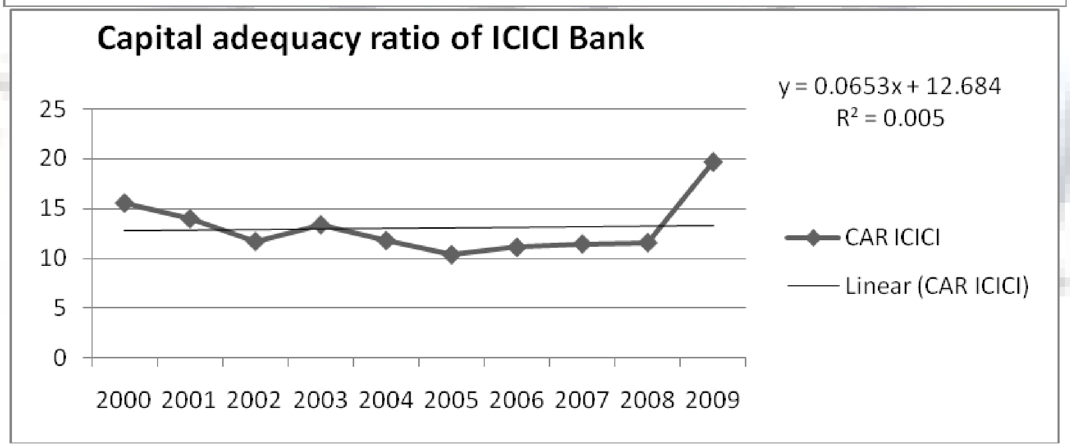




NPA's: Nonperforming assets are defined as assets which are overdue by 90 days. The NPA of SBI has decreased from 6.41 percent in 2000 to 1.76 percent in 2009. It means bank has well managed its NPA. The NPA of ICICI bank has increased form 1.53% in 2000 to 2.09% in 2009 which mean bank is not efficient in managing its NPA. The NPA does not have any significance relation with others factors.

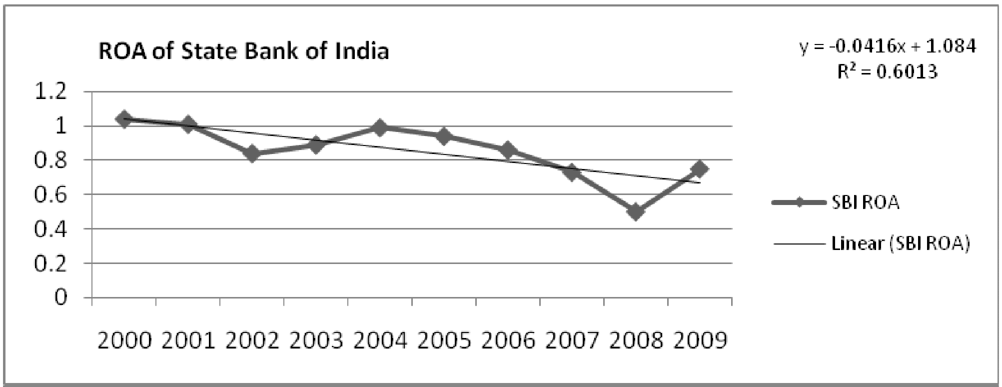
D. CAPITAL ADEQUACY RATIO

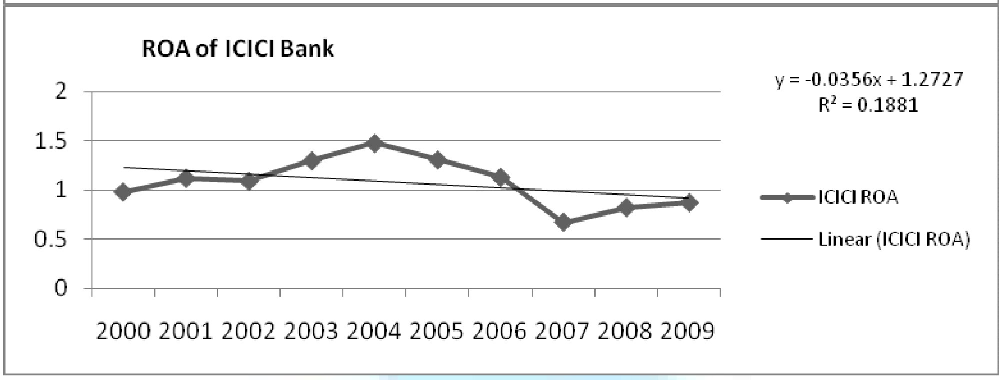




CAPITAL ADEQUACY RATIO: Capital adequacy ratio of SBI has increased from 11.49% in 2000 to 12.97% in 2009 and for ICICI BANK it has decreased from 19.64% in 2000 to 15.53% in 2009. It has positive but weak correlation with return on asset with less 41.2% of the confidence level.

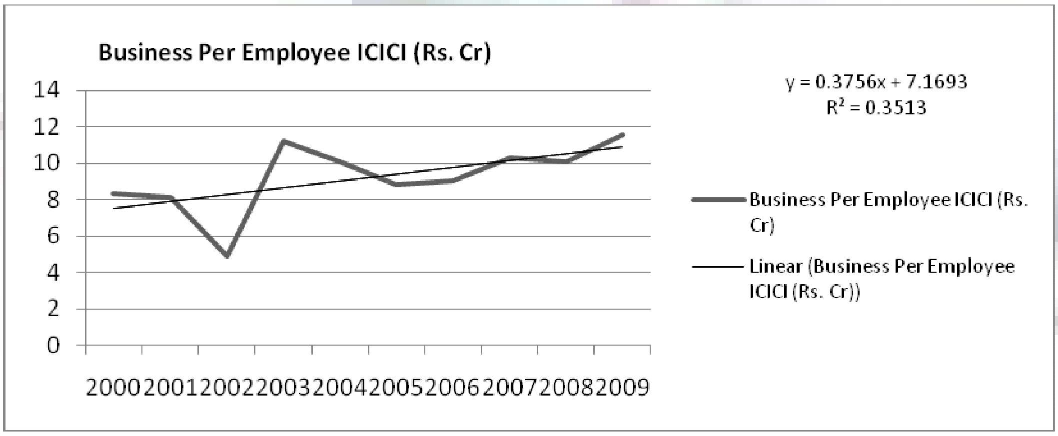
E. RETURN ON ASSET OF STATE BANK OF INDIA AND ICICI BANK





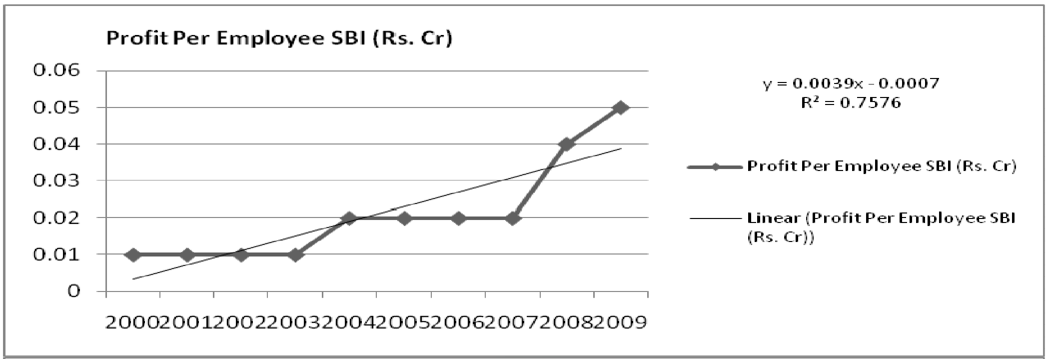
RETURN ON ASSET: An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. The ROA of the SBI .75% in 2000 to 1.04%in 2009. While on the other hand ROA if ICICI Bank is much more than the SBI bank. it also increased for ICICI Bank from 8.3% in 2000 and 11.53% in 2009. It means ICICI's management is more efficient in using its assets. It has strong but negative correlation with net profit with confidence level of 97.5%. this is same with the case of NIM, business per employee, productivity per employee and earnings per share.

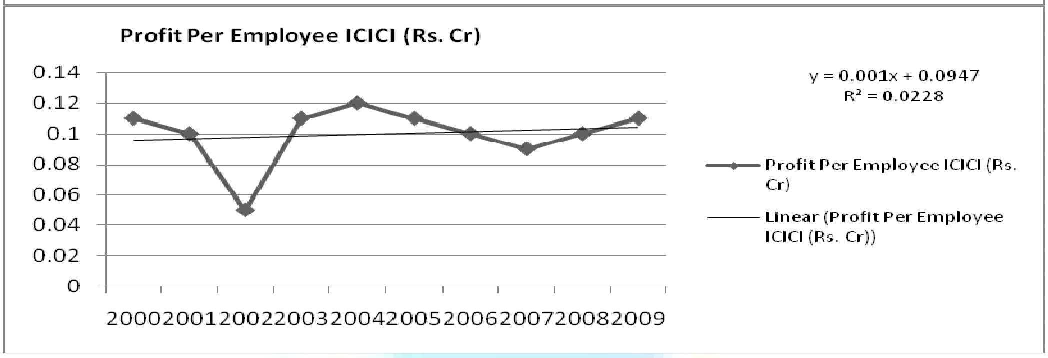
F. BUSINESS PER EMPLOYEE STATE BANK OF INDIA AND ICICI BANK



BUSINESS PER EMPLOYEE: SBI's per employee has been in 2000 is Rs. 1.11 cr .while it increased to Rs.5.56 cr. in 2009. On the other side ICICI bank's per employee business much more than the SBI's. ICICI's per employee business in 2000 is Rs. 8.3 cr. and Rs. 11.54 cr. in 2009. It has strong and positive correlation with net profit, profit per employee, earinigs per share with confidence level of 100%.

G. PROFIT PER EMPLOYEE SBI AND ICICI BANK





Profit per employee: it has strong and positive correlation with net profit (.976, 100%), NIM (.974, 100%), earnings per share (.944, 100%), business per employee (.952, 100%).

CORRELATION ANALYSIS OF SBI ON THE BASIS OF VARIOUS PRE-DECIDED PARAMETER

		Net Profit	NIM	NPA	CAR	ROA	Business per employee	Profit per employee	EPS
Net profit	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	10							
NIM.	Pearson Correlation	.954**	1						
	Sig. (2-tailed)	.000							
	N	10	10						
Non Performing asset	Pearson Correlation	-.140	-.362	1					
	Sig. (2-tailed)	.699	.303						
	N	10	10	10					
CAR	Pearson Correlation	-.424	-.206	-.452	1				
	Sig. (2-tailed)	.222	.568	.190					
	N	10	10	10	10				
ROA	Pearson Correlation	-.699*	-.704*	.270	.198	1			
	Sig. (2-tailed)	.025	.023	.451	.583				
	N	10	10	10	10	10			
Business Per Employee	Pearson Correlation	.975**	.966**	-.219	-.332	-.798**	1		
	Sig. (2-tailed)	.000	.000	.543	.349	.006			
	N	10	10	10	10	10	10		
Profit Per Employee	Pearson Correlation	.976**	.909**	-.036	-.385	-.691*	.952**	1	
	Sig. (2-tailed)	.000	.000	.922	.272	.027	.000		
	N	10	10	10	10	10	10	10	
Earning Per share	Pearson Correlation	.989**	.974**	-.259	-.373	-.678*	.966**	.944**	1
	Sig. (2-tailed)	.000	.000	.470	.288	.031	.000	.000	
	N	10	10	10	10	10	10	10	10

**. Correlation is significant at the 0.01 level (2-tailed).

CORRELATION ANALYSIS OF ICICI ON THE BASIS OF VARIOUS PRE-DECIDED PARAMETER

		Net Profit	NIM	NPA	CAR	ROA	Business per employee	Profit per employee	EPS
Net profit	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	10							
NIM	Pearson Correlation	.973**	1						
	Sig. (2-tailed)	.000							
	N	10	10						
Non Performing Assets	Pearson Correlation	.714*	.753*	1					
	Sig. (2-tailed)	.020	.012						
	N	10	10	10					
CAR	Pearson Correlation	.046	.222	.342	1				
	Sig. (2-tailed)	.899	.537	.333					
	N	10	10	10	10				
ROA	Pearson Correlation	-.476	-.580	-.365	-.277	1			
	Sig. (2-tailed)	.165	.079	.300	.439				
	N	10	10	10	10	10			
Business Per employee	Pearson Correlation	.640*	.592	.413	.331	-.106	1		
	Sig. (2-tailed)	.046	.071	.235	.350	.772			
	N	10	10	10	10	10	10		
Profit Per employee	Pearson Correlation	.228	.157	-.106	.258	.299	.759*	1	
	Sig. (2-tailed)	.525	.665	.770	.472	.401	.011		
	N	10	10	10	10	10	10	10	
Earning Per share	Pearson Correlation	.963**	.895**	.661*	-.133	-.304	.623	.223	1
	Sig. (2-tailed)	.000	.000	.038	.714	.393	.054	.536	
	N	10	10	10	10	10	10	10	10

**. Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

INTERPRETATION

Regression Analysis

1. Advances to Gross NPA(SBI)

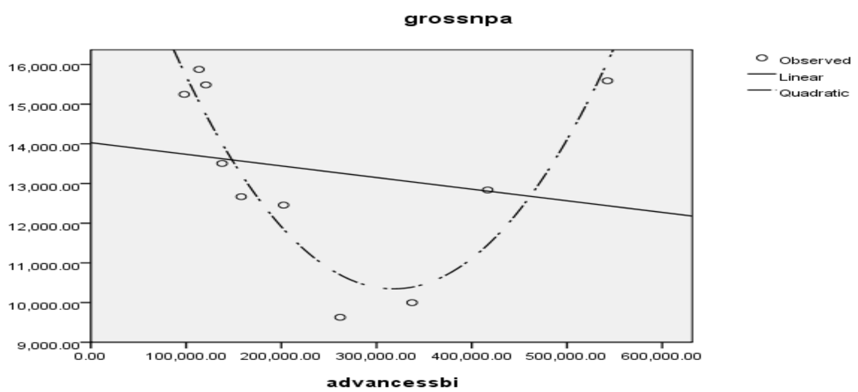
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	14028.143	1458.952		9.615	.000
Advances SBI	-.003	.005	-.193	-.558	.592

a. Dependent Variable: GNPA

Equation Y on X

Y =14028 - .003X



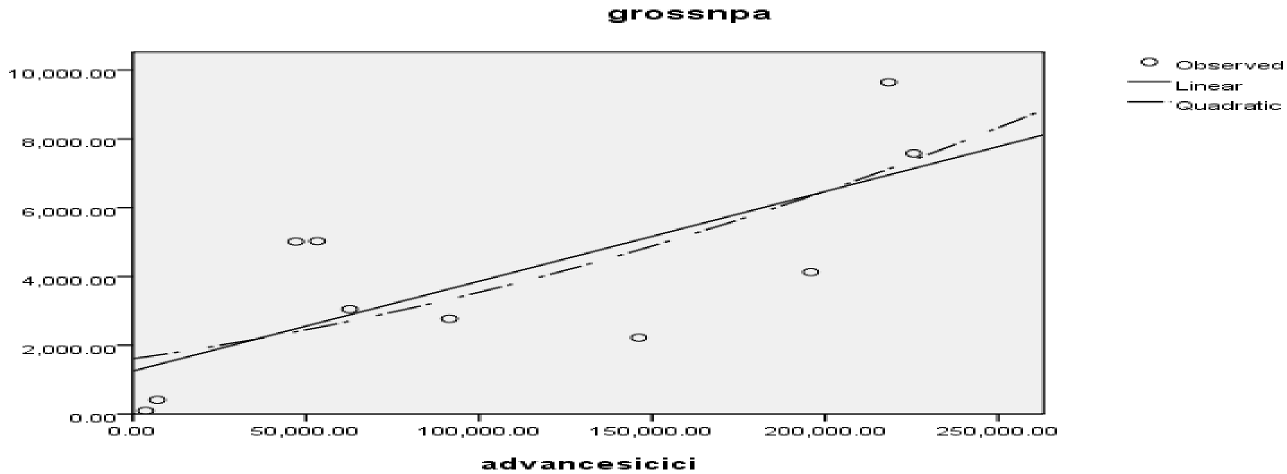
ADVANCES TO GROSS NPA (ICICI BANK)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1249.730	1102.268		1.134	.290
advancesicici	.026	.008	.743	3.140	.014

a. Dependent Variable: Gross NPA

Equation Y on X
Y= 1249.730 + .023X



We can see from the two graphs SBI's performance is parabolic in nature which shows that to a certain point as the advances are increasing the gross NPA rate is decreasing. After a certain level with the increase in advances the gross NPA also starts increasing at a faster rate. SBI's graph is a representation of ideal banking industry. While on the hand ICICI Bank's graph is linear in nature indicating a adverse relationship i.e. advance are increasing along with gross NPA which is due to be there aggressive policy in lending.

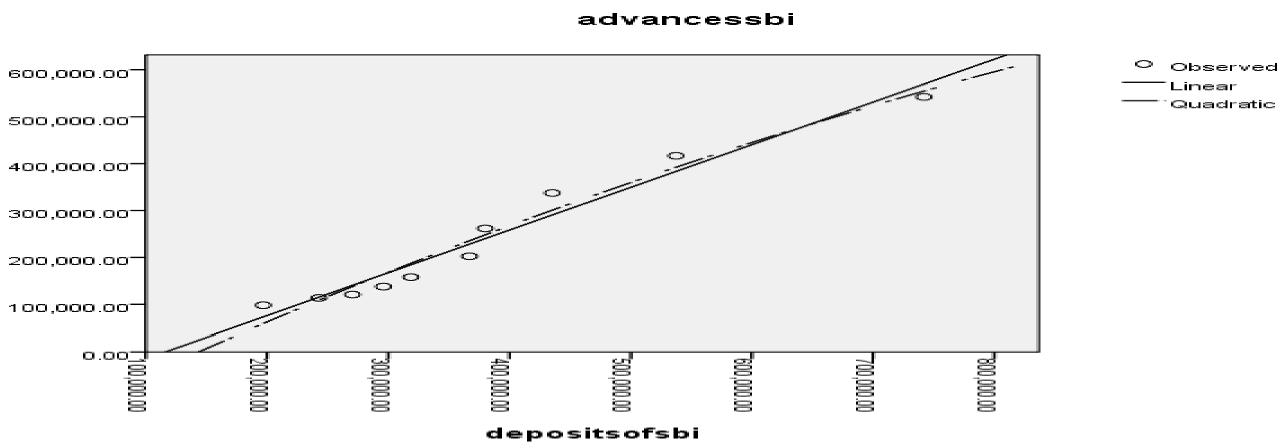
1. Deposits to advances

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-105799.017	25917.177		-4.082	.004
deposits	.910	.063	.981	14.345	.000

a. Dependent Variable: Advances

Y on x
y = -105799 + .910
Representing SBI's Advances - Deposit relationship.



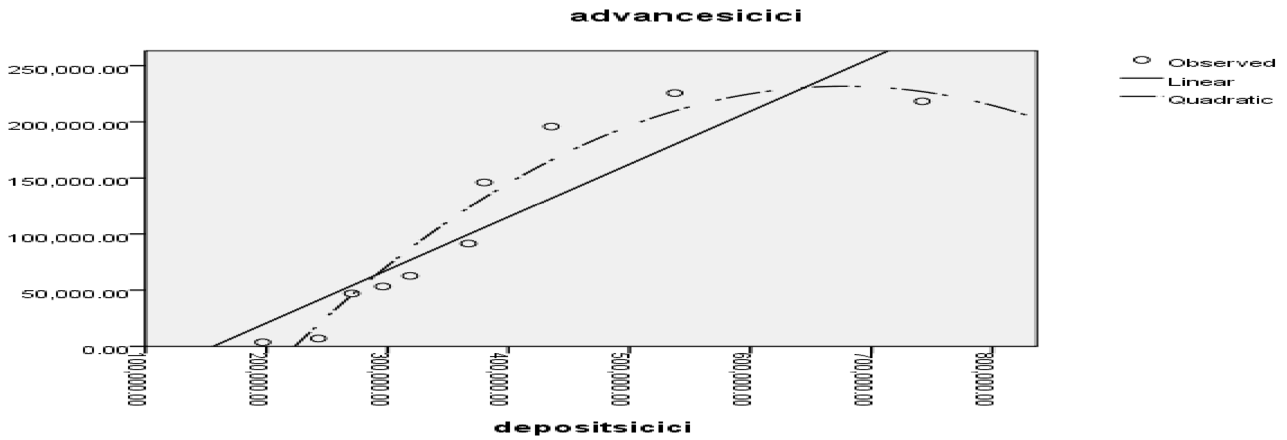
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2234.125	5930.490		.377	.716
deposits	.908	.041	.992	21.984	.000

a. Dependent Variable: Advances

Y on X

y = 2234.12 + .908x



We can see from the two graph that the SBI's graph is more linear than to ICICI's graph. It means that as the deposits of the SBI are increasing –advances are also increasing which is good for SBI. But if we see the graph of ICICI Bank we find in initial stage as the deposit are increasing advances also increasing but after a certain level it started decreasing.

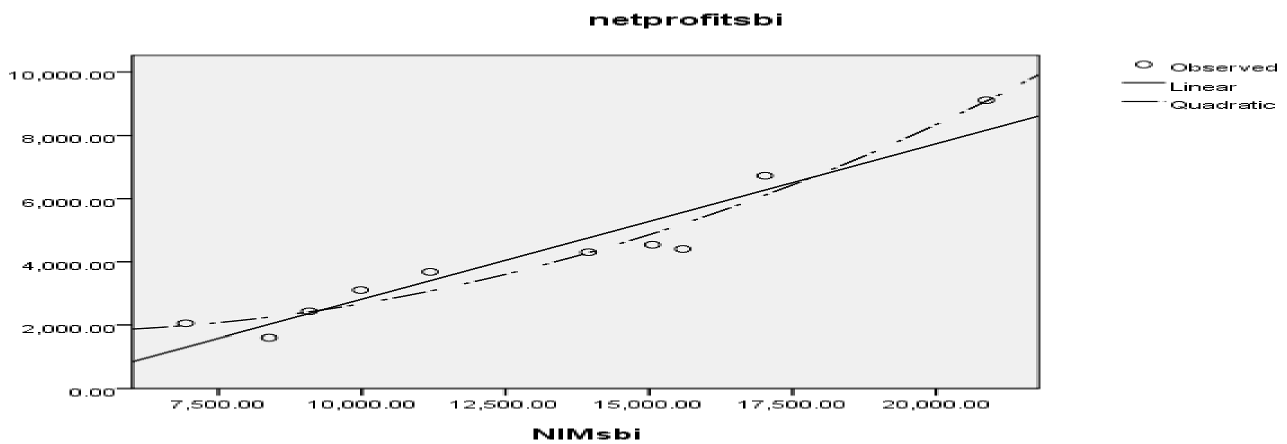
2. NIM to Net Profit

Co-efficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2107.663	733.101		-2.875	.021
NIMsbi	.492	.054	.954	9.050	.000

a. Dependent Variable: Net profit of State Bank of India.

Y on X y = -2107.66 + .492x



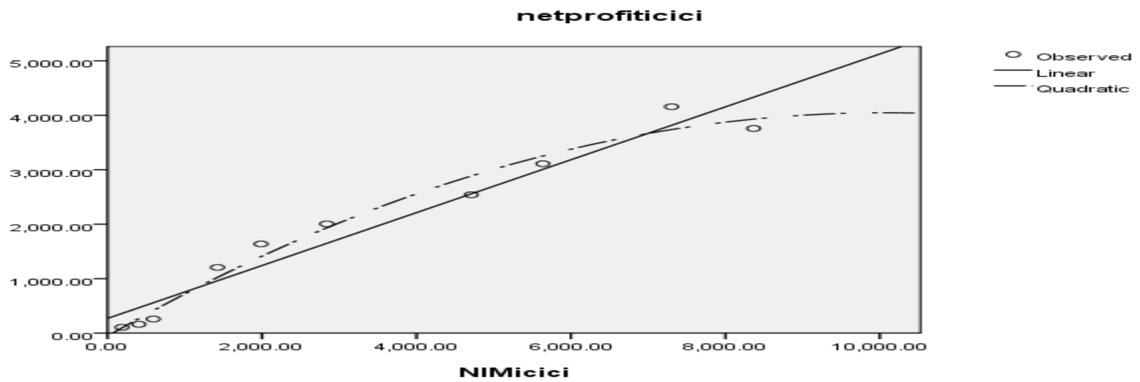
Co-efficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	269.249	177.779		1.515	.168
NIMicici	.486	.041	.973	11.968	.000

a. Dependent Variable: Net profit ICICI Bank

Y on X

y = 269.24 + .041



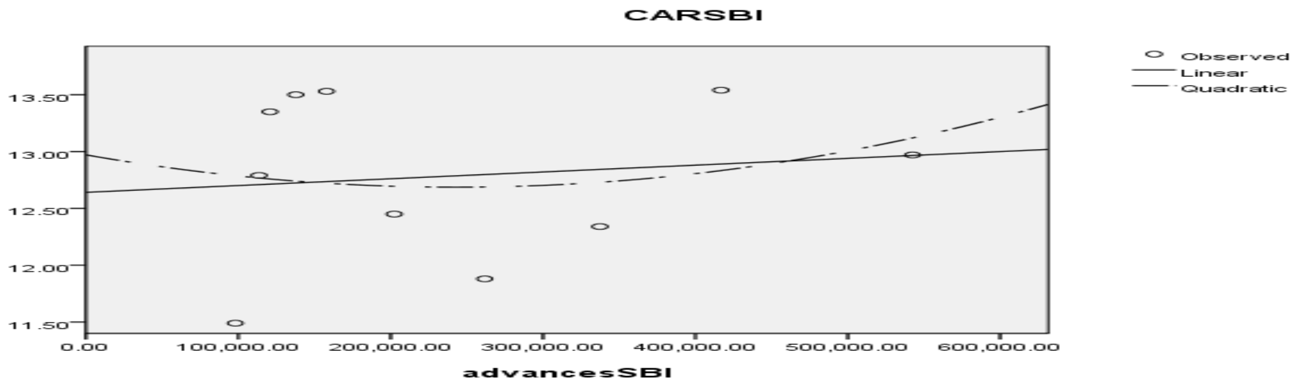
In the case of SBI firstly as the NIM increasing with a declining net profit but after some time with an increase in NIM there is an increase in net profit. On the other hand the situation is reverse in case of ICICI Bank. As the NIM of the ICICI Bank increasing the net profit is increasing but after certain point as the NIM increasing are increasing net profit started decreasing which is not good for ICICI Bank.

3. Advances to CAR

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.641	.476		26.579	.000
Advances SBI	5.977E-7	.000	.123	.349	.736

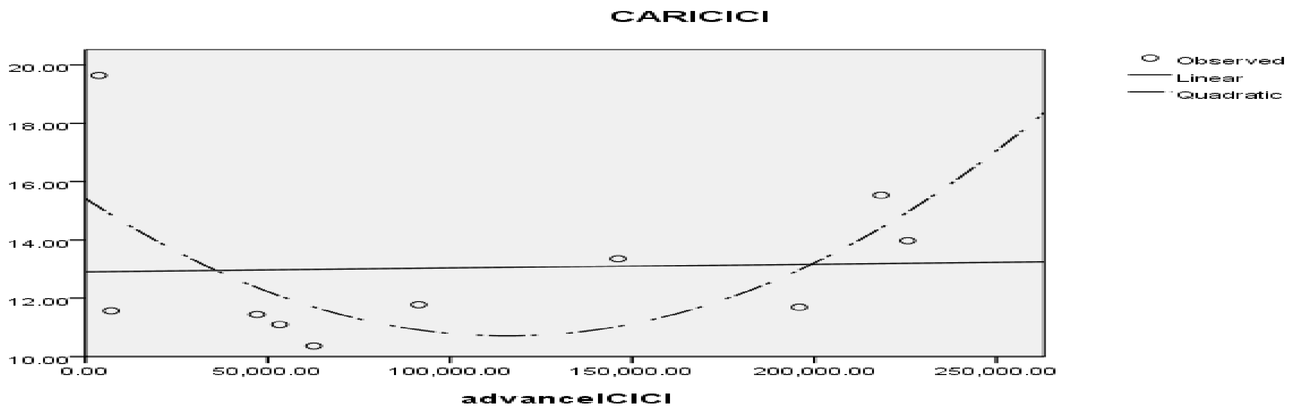
a. Dependent Variable: CARSBI



Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12.909	1.532		8.427	.000
advanceICICI	1.277E-6	.000	.039	.110	.915

a. Dependent Variable: CARICICI



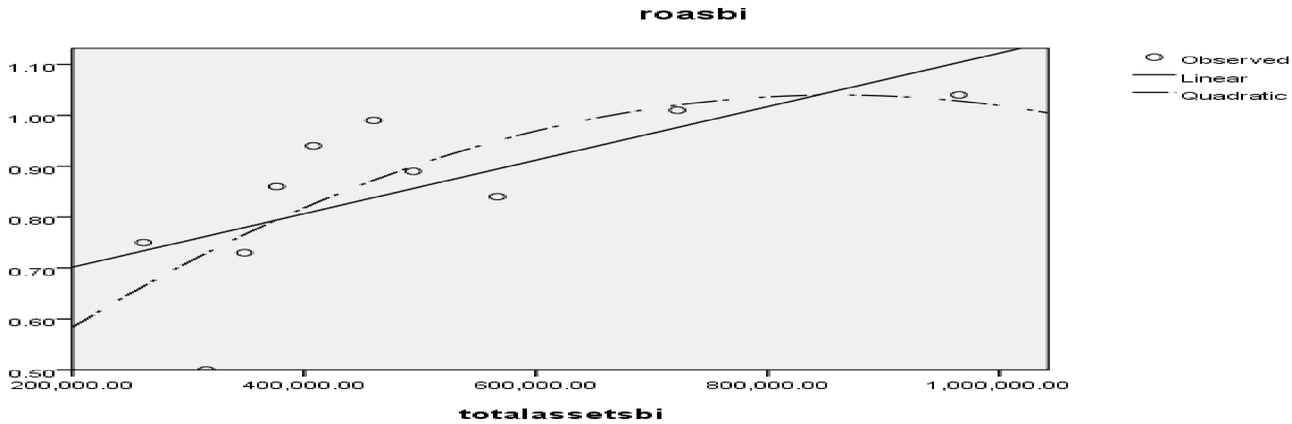
In the case of the advances to CAR both the banks have shown same trend.

4. Total Asset to ROA

Co-efficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.596	.104		5.739	.000
Total asset SBI	5.258E-7	.000	.689	2.690	.027

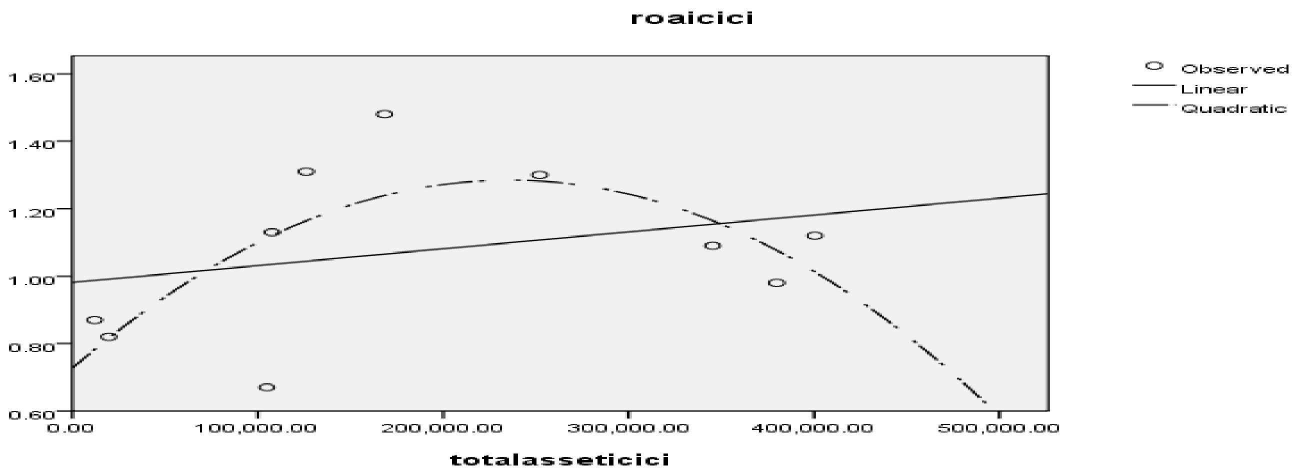
a. Dependent Variable: ROA SBI



Co-efficients[a]

Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.981	.137		7.154	.000
totalasseticici	5.002E-7	.000	.291	.859	.415

a. Dependent Variable: ROA-ICICI



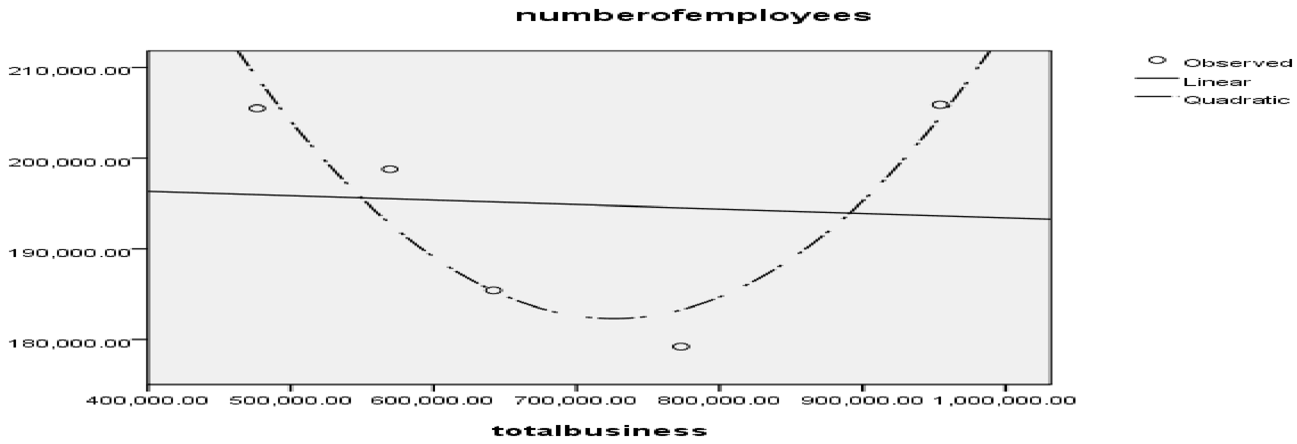
The graph of the SBI Bank is less parabolic in nature as compare to ICICI Bank. SBI's return on asset is less volatile but on the other hand ICICI Bank's return on asset much volatile. In this SBI has shown more consistency in comparison to ICICI Bank.

5. No. of Employees to Total Business

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	905601.172	1.731E6		.523	.637
numberofemployees	-1.142	8.866	-.074	-.129	.906

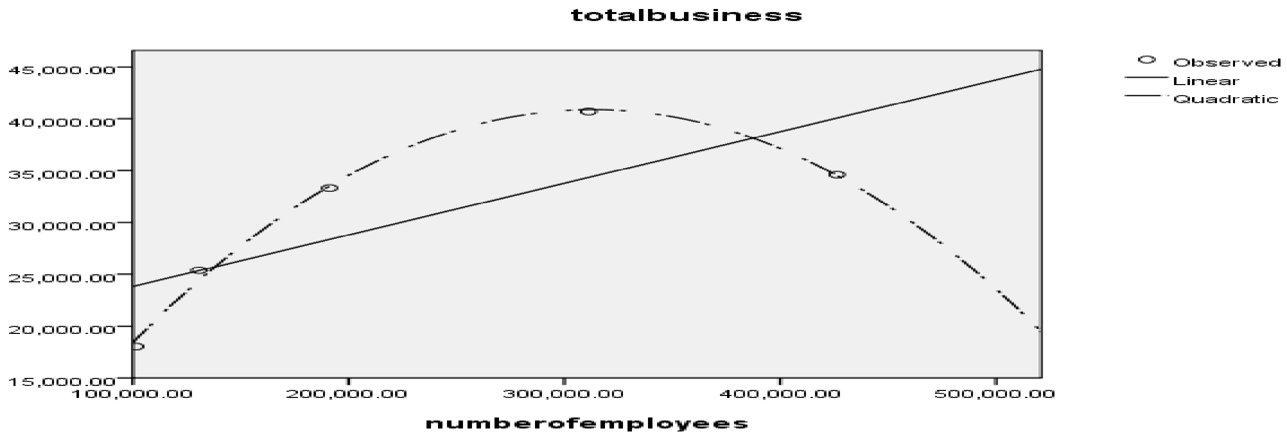
a. Dependent Variable: total business



Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	18844.878	6358.237		2.964	.059
Number of employees	.050	.024	.764	2.049	.133

Dependent Variable: total business.



We can see from the SBI's graph firstly as the no. of employee are increasing total business is declining but after a certain level as a no. of employee are increasing total business is also increasing. But in the case of ICICI Bank is reverse. Initially As the no. of employees are increasing total business are increasing but after a certain level it started decreasing.

FINDINGS

1. The Foreign Ownership in State Bank of India has been reduced to 18% although it 20% permitted by RBI.
2. The retail exposure in the portfolio of ICICI Bank is 72.89% while it 31% in SBI. Even after than great potential is there for SBI but the market is underestimating this potential. This due to the govt. ownership in which market does not believe.
3. From the correlation analysis we found that SBI is leading in 5 parameters (net profit, NIM, business per employee, profit per employee, EPS) and ICICI Bank is leading only in one parameter(NPA) while there no significance correlation in two parameters(CAR, ROA).
4. From the regression analysis we found that in all parameters (NIM to net profit, business per employee to net profit, net profit to EPS, NIM to EPS, business per employee to profit per employee) SBI is having positive high degree of relationship with higher level of significance..
5. In 2007 SBI lost its first position to ICICI Bank but in 2009 SBI regained its first position again.

ECONOMIC ENVIRONMENT

The economy of India is the eleventh largest economy in the world and the fourth largest by purchasing power parity (PPP). In the 1990s, following economic reform from the socialist-inspired economy of post-independence India, the country began to experience rapid economic growth, as markets opened for international competition and investment. In the 21st century, India is an emerging economic power with vast human and natural resources, and a huge knowledge base. Economists predict that by 2020, India will be among the leading economies of the world. India was under social democratic-based policies from 1947 to 1991. The economy was characterized by extensive regulation, protectionism, and public ownership, leading to pervasive corruption and slow growth. Since 1991, continuing economic liberalization has moved the economy towards a market-based system. The Rupee hit a record low during early 2009 on account of global recession. However, due to a strong domestic market, India managed to bounce back sooner than the western countries. Since September 2009 there has been a constant appreciation in Rupee versus most Tier 1 currencies. A rising rupee also prompted Government of India to buy 200 tons of Gold from IMF. the growth rate of GNP, fiscal deficit, and world interest rate have had positive effect on long-term interest rates during the pre-reform period, whereas only the fiscal deficit and expected inflation appear as significant determinants of interest rates during the post-reform period. Surprisingly, the factors like money supply, growth rate of GNP, and world interest rates are shown to have played little role in the process of long-term interest rates determination during the post-reform period. Our findings also suggest that there has been a structural break for the long-term nominal interest rates but not for the real interest rates during 1970-2000. However, the intensity by which the rate of inflation is influenced depends on the savings-investment gap. The study also finds that while the liberalization of interest rates has been a welcome measure, the soft or low interest rates policy has given rise to many adverse economic and social consequences.

LIMITATIONS OF THE STUDY

- We could not merge the data of both banks on a single diagram, so it is difficult to compare both bank.
- Time, money and resources are constraints.
- Data for the no. of employees is available for only 5 years (2004-2008).

CONCLUSION

ICICI being aggressive has better growth rate in terms of deposit growth as compared to SBI. The net interest margin has strong positive correlation with net profit, business per employee, productivity and earnings per share in both the cases (SBI & ICICI). The study concluded negative correlation of net profit with non performing asset, capital adequacy ratio and return on asset. SBI established since long having a better control on NPA whereby ICICI being a new entity has aggressively gone for growth leading to higher NPA formation hence needing better NPA management for its asset base. The return on assets of State Bank of India is .89% as ompared to 1.156% of ICICI bank which indicates risky portfolio for ICICI. Business per employees in SBI is Rs.5.56 crores as compared to ICICI's Rs.11.54 crores reflecting better productivity of employees in private set up due to targets and incentive system. SBI's profit per employee is .027 crores as compared to .09 crores of ICICI bank reflecting large employee base for SBI and lesser returns due to conservative lending policies. The aggressive policies of ICICI may be generating shorter gains but SBI will be generating consistent returns with less NPA rate hence we can conclude that SBI and ICICI both are working with different organizational structures and strategies leading to market leadership in their own domains.

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With sincere regards

Thanking you profoundly

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