An analysis of profitability position of private bank in India

Amit Kumar Singh

Shri Atal Bihari Vajpayee Govt. Arts and Commerce College (Indore)

Abstract

Profit is a measure of success of business and the means of its survival and growth. Profitability is the ability of a business to earn profit for its owners. The objective of this study was overall profitability analysis of different private sector banks in India based on the performance of profitability ratio like interest spread, net profit margin, return on long term funds, return on net worth, return on assets & adjusted cash margin. Profitability is a measure of efficiency and control it indicates the efficiency or effectiveness with which the operations of the business are carried on. Profitability ratios provide different useful insights into the financial health and performance of a company. A business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment. Increasing profitability is one of the most important tasks of the business managers. Managers constantly look for ways to change the business to improve profitability. These potential changes can be analyzed with a support of income statement and balance sheet.

Keywords: Axis ICICI KVB & Yes banks Profitability, Interest spread, Net profit, long term loan, Net worth, Asset, Cash margin.

I. INTRODUCTION

Banking business in India is largely governed by the banking regulation act 1949 section 5(b) "a bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities either directly by loaning or indirectly through capital markets. A bank links together customers that have capital deficits and customer with capital surplus." Without a sound and effective banking system in India it cannot have healthy economy. The banking system in India should not only be hassle free but it should be able to meet new challenges posed by technology and any other external and internal factors. Banking plays a significant role in financing the economic needs of the country. To compete effectively in present day competitive world banks have been permitted to undertake new activities such as investment banking securities trading insurance business etc. Private banking is all about personal service and relationship built around you. It is about delivering sophisticated solutions to complex financial problems seeing your affairs in totality and offering individual advice and tailored solutions. "One claiming to be a banker must profess himself to be one and the public must accept him as such his main business must be that of banking from which generally he should be able to earn his living."

Now short introduction of selected private banks for research

AXIS Bank

Axis Bank Limited (formerly UTI bank) is the third largest private bank in India. It offers financial services to customer segment covering large and Mid-Sized corporate MSME Agriculture and Retail businesses. Axis Bank has its headquarter in Mumbai Maharashtra.

Operation

Indian Business: As on 31 march 2014 the bank had a network of 2402 branches and extension counters and 12922 ATMS. Axis Bank has the largest ATM network among private banks in India and it operates an ATM at one of the world's largest sites at Thegu Sikkim.

International Business: The Bank has seven international offices with branches at Singapore Hong Kong (at the DIFC) Shanghai and Colombo and representative offices at Dubai And Abu Dhabi which focus on corporate lending trade finance syndication investment banking and liability businesses. In

addition to above the bank has a presence in UK with its wholly owned subsidiary Axis Bank UK Limited.

Axis Bank operates in four segments: Treasury Operation, Retail banking, Corporate/Wholesale banking and other banking business.

ICICI Bank

ICIC bank is an Indian Multinational banking and financial services company headquartered in Mumbai Maharashtra India. As on 2014 it is the second largest bank in India in term of assets and market capitalization. It offers a wide range of banking products and financial services for corporate and retail customer through a variety of delivery channels and specialized subsidiaries in the areas of investment banking life, non- life insurance, venture capital and assets management. The Bank has a network of 3880 branches and 12269 ATMs in India and has a presence in 19 countries.

ICICI Bank in one of the big four bank of India along with SBI, PNB and Bank Of Baroda. The bank has subsidiaries in the United Kingdom Russia and Canada branches in United States Singapore Bahrain Hong Kong Sri Lanka Qatar and Dubai international Finance center and representative offices in United Arab Emirates China South Africa Bangladesh Thailand Malaysia and Indonesia. The Company's UK subsidiary has also established branches in Belgium and Germany.

Karur Vysya Bank

Karur Vyaya Bank is a private sector Indian bank headquartered in Karur in Tamil Nadu. It was set up in 1916 by M.A. Venkataram Chestier and Athi Krishna Chettiar. The bank also offers internet banking and mobile banking facilities to its customers. KVB offers good services to their customers. It has 613 branches and network of 1645 ATMs as on Jan 2015. KVB total business till December 2014 was around 81000 cores. KVB is legally authorized open accounts under the new pension scheme. KVB tie up with SBI cards for a co- branded credit card. The bank is a depository participant through NSDL and open dement accounts ASBA facility available.

Yes Bank

Yes Bank is India's fourth largest private sector bank founded by Rana Kapoor in 2004 Yes bank in the only Greenfield bank license awarded by the RBI in the last two decades. Yes bank is a "Full Service Commercial Bank" has steadily built a corporate retail and SME Banking Franchise Financial Markets Investment Banking Business and transaction Banking and Wealth Management business lines across the country. As on 31 Dec 2014 the bank had 600 branches and 2000 ATMs. It had a balance sheet size of INR 1232 billion and Gross NPA of 0.42% fourth largest bank in private sector. Yes bank's corporate finance practice offers a combination of advisory services and customized products to optimized risk based on "knowledge Arbitrage". The Financial Market business model provides Risk Management solution related to foreign currency and interest rate exposures of clients.

Impact of Private Sector Bank

Today they have a market share of 20% in deposits and advances. This has been achieved in a growing market indicating that private bank have successfully capitalized on the growth of the Indian economy. But more than acquiring market share the real contribution of private sector banks has been to transform the way banking is done in India. The new banks developed the concepts of directs selling agents who reached out to customers with credit products taking loans to the customer's doorstep. Not only did the private sector bank expand in this manner their example forced public sector banks to also adopt similar strategies. It was banks like ours which made sure that housing loan and other kinds of loans were made available in hundreds of cities and town in India.

II. OBJECTIVE OF THE STUDY

1. To analysis the profitability position of some selected private sector banks like AXIS ICICI Karur vysya bank (KVB) Yes Bank.

2. To highlight the overall profitability of bank (i.e.) Interest spread, Net profit margin, Return on long term fund, Return on net worth & Return on assets, Adjusted cash margin.

REVIEW OF LITERATURE

The researcher and economists have recognized that the measurement of profitability in banking is necessary to improve the financial soundness of banks. A large number of studies have been conducted in the field of operation and financial performance of banks. A brief review of some of these studies has been presented.

Chandan and Rajput(2002) evaluated the performance of banks on the basis of profitability analysis. The researchers analyzed the factors determining the profitability of banks in India with the help of multiple regression technique. They found that spread i.e. net interest income is the major source of income for banks. The study found public sector banks at weaker position in relation to foreign banks and public sector banks. The authors suggested that public sector banks should concentrate on non-performing asset management and also make investment in technology up gradation for better data management and quicker flow of information.

Sangmi, M. (2002) analyzed the profitability of ten selected commercial banks in India. Five best performing banks were taken in class-1 and five poor performing banks were taken in class-2 categories. The study revealed that operating cost was higher in the case of class-2 banks and in these banks the profitability was affected due to low level of spread. These banks required more scientific attempts for the investment of funds. The researcher suggested that the position of operating cost can be improve with the introduction of high level technology as well as by improving the per employee productivity.

Kumari(2003) the researcher found that in terms of deposit mobilization branch expansion credit deployment and employment generation both public and private sector banks have shown increasing trend. Banks wise analysis revealed that private sector banks have shown higher growth as compared to public sector banks. The researcher suggested that public sector banks should their profitability and productivity performance by adopting innovation modern technological changes and by fixing responsibility of officers for recovery etc.

Qamar(2003) Banks for the study purpose were categorized into public sector banks, old private banks, new private banks, and foreign sector banks. The study indicated that all the selected scheduled commercial banks were found to be different in terms of total assets, share capital, capitalization ratio and efficiency factors. Much difference in the profitability performance of banks was found due to human resources efficiency as measured in terms of business per employee.

Shannugam and Das (2004) for analyzing the efficiency of banks four outputs i.e. interest margin, Non interest income Investment and credit and four inputs i.e. deposits borrowings labour and Fixed assets have been used. The results revealed that there has been dominance of deposits in producing all the outputs the study period and an improvement I banking industry has been found in raising non-interest income investment and credits. The study indicated that state bank group and private owned foreign group performed better than their counterparts.

Arora and Verma (2005) performance of public sector banks has been evaluated on the basis of financial parameters, Operational parameters, Profitability parameters and Productivity parameters. The authors concluded that in order to remove subjectivity in banking sector major steps like prudential norms income recognition provisioning should have been taken. The researcher suggested that to correct the impact of directed investments on profitability reserve requirements should be reduced.

Reddy and Rao (2005) made an attempt to identify factors in context of financial sector reforms which could lead to changes the position of different bank groups i.e. public sector banks private sector banks and foreign sector banks in term of their overall banking industry. The authors found that the share of public sector banks has declined in total assets of banking sector due to new competitive environment. The researcher further suggested the adoption of customer oriented banking practices with new technologies for public sector banks to face stiff competition.

Arora and Kaur (2006) Financial performance of banks was analyzed on the basis of Return on assets Capital assets risk weighted, Non- performing assets to Net advances, Business per employee, Net profitability ratio, Non performing assets level and off balance sheet Operation. The researcher recommended that for enhancing financial viability of public sector banks efforts should be made to reduce the non-performing assets and upgrade the technology. For enhancing business per employee continuous and compulsory training and development programmers should be introduced in the banks.

Shukla (2009) the study analyzed that in the post reform period Indian banking system has become more competitive more developed and financially viable due to several structural changes. The study evidenced that banks should focus on high operating cost and diversification of activities to remain competitive and profitable. The study evidence that use of technology based services to intensify competition and to reduce operating cost and achieve higher profitability. The researcher recommended that some critical factors like security and integrity of system should be addressed and greater emphasis should be given on banking and financial policies to strengthen the banking sector.

Uppal (2010) study concluded that among all e channels, ATM is the most effective while mobile banking does not hold a strong position in public sector banks and old private sector banks. In new private sector banks and foreign banks mobile banking service. Mobile banking customers are also the highest in banks providing electronic services which have positive impact on net profit and business per employee of these banks. Among all foreign banks are on the top position followed by new private sector banks in providing mobile banking services and their efficiency is also much higher as compared to other groups. The study also suggested some strategies to improve mobile banking services.

Prasad and Ravinder (2011) analyzed the profitability of four major banks in India i.e. SBI, PNB, ICICI bank and HDFC bank for the period 2005-06 to 2009-2010. Statistical tools like arithmetic mean, one way ANOVA Tukey HSD test have been employed for the purpose of study. The profitability of these banks have been evaluated by using various parameters like operating profit margin gross Profit margin Net profit margin Earning per share Return on Equity Return on assets Prices earnings Ratio and Dividend payout Ratio. The study revealed that SBI performed better in terms of earning per share and dividend payout ratio while PNB performed in terms of operating profit margin and return on equity. The study found that HDFC bank outperformed in terms of gross profit margin, net profit margin, return on assets and price earnings ratio. The study evidenced that ICICI Bank paid highest portion of earning as dividends to shareholders. Analysis ranked HDFC Bank on the top position followed by PNB SBI and ICICI Bank.

III. SCOPE OF STUDY

The study shows the role of profitability position of private sector banks in India. This is the process of comparing income to output and determining how much profit was made during a specific time period. A properly conducted profitability analysis provides invaluable evidence concerning the earnings potential of a company and the effectiveness of management.

PERIOD OF STUDY

The study covers a period of 5 years from 2010-11 to 2014-15 is taken for the study.

METHODOLOGY

Sources of Data

The study is based on secondary data. Information required for the study has been collected from the annual report of AXIS, ICICI, KVB and YES bank and different books, journal, magazines, and data collected from various banks websites.

Tools Applied

In this study various statistical tools are used (i.e.) Mean and ANOVA test have been used for data analysis.

MEAN = sum of variable/N

Standard deviation = $\sqrt{\sum X2/N-(\sum X/N)}$

Coefficient of Variation= SD/MEAN*100

Hypothesis

An ANOVA is statistical hypothesis in which the sampling distribution of test statistic when null hypotheses is true. Null hypotheses have been set and adopted for the analysis of data. The null hypotheses are represented by H0. It is a negative statement which avoids personal bias of investigator during data collection as well as the time of drawing conclusion.

ANOVA (ONE WAY)

Sources Of Variance	Sum Of Square	Degree Of Freedom	Mean Square	F-Ratio
Between Sample	**SSC**	**C-1**	**MSC=SSC/C-1**	**F= MSC/MSE Or MSE/MSC**
Within Sample	**SSE**	**N-C**	**MSE=SSE/N-C**	
Total	**SST**			

IV. LIMITATION OF THE STUDY

1. The study is related to a period of 5 years.
2. As the data are only secondary i.e. they are collected from the published annual reports.
3. Only profitability ratio is taken for the study.

V. A BRIEF ACCOUNT OF PROFITABILITY

The primary objective of each business enterprise is to earn profit. In facts profit earning is considered essential not only for the survival of business but is also required for its expansion and diversification. One of the most frequently used tools of financial ratio analysis is profitability ratios which are used to determine the company's bottom line and its return to its invertors. Profitability ratios are typically based on net earnings, but variations will occasionally use cash flow or operating earnings. Profitability is a measure of efficiency and control. Profitability is the main base for liquidity as well as solvency. Creditor's banks and financial institutions are interested in profitability ratios since they indicate liquidity or capacity of the business to meet interest obligation and regular and improved profit to enhance the long term solvency position of the business. The following profitability ratio is:-

Interest Spread:-

Interest Spread refers to the difference in borrowing and lending rates of financial institutions (such as banks) in normal terms. It is considered analogous to the gross margin of non-financial companies. This is the excess of the total interest earned over total interest expended. The ratio of the interest spread to AWF shows the efficiency of bank in managing and matching interest expenditure and interest income effectively. Interest spread is critical to a bank's success as it exerts a strong influence on its bottom line.

Interest Spread%= Total interest income minus total interest expanses/ Average working fund

TABLE (1): - MEAN STANDARD DEVIATION AND COEFFICIENT OF VARIATION

YEAR	AXIX BANK	ICICI BANK	KVB BANK	YES BANK
2010-11	3.95	5.66	4.81	3.21
2011-12	6.66	6.95	4.3	3.6
2012-13	7.46	7.45	4.37	4.53
2013-14	7.9	7.82	7.16	10.73
2014-15	7.67	7.35	6.91	10.34
MEAN	6.728	7.046	5.51	6.482
SD	1.62162573	0.83440398	1.4085631	3.33921787
CV	24.1026416	11.8422364	25.5637586	51.5152402

The above analysis of bank wise mean standard deviation and coefficient of variation of interest spread of selected banks. ICICI bank has the highest mean value & KVB has lowest mean value as compare to other banks. Standard deviation of total interest income & expenses to average working fund of Yes bank has 3.34 with highest coefficient of variation of 51.52% and ICICI bank has 0.83 low standard deviation with low coefficient variation of 11.84%.

Hypothesis:

H0: μ1=μ2=μ3=μ4 (There is no significant relationship between interest spread among different private sector banks in India.)

H1: μ1≠μ2≠μ3≠μ4 (There is significant relationship between interests spread among different private sector banks in India.)

TABLE (2): Projects the result of ANOVA (one way) test

ANOVAs: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
AXIS BANK	5	33.64	6.728	2.62967
ICICI BANK	5	35.23	7.046	0.69623
KVB BANK	5	27.55	5.51	1.98405
YES BANK	5	32.41	6.482	13.93797

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	6.584175	3	2.194725	0.456096	0.716675	3.238872
Within Groups	76.99168	16	4.81198			
Total	83.57586	19				

Above analysis calculated value of ANOVA one way test (0.456096) is less than the table value (3.238872) as shown in the above table, null hypothesis is accepted. Therefore it is concluded that there is no significant relationship between the interest spread of (AXIS, ICICI.KVB & YES) private sector banks in India.

NET PROFIT MARGIN:

Net profit margin is the percentage of revenue remaining after all operating, interest, taxes, and preferred stock dividends (but not common stock dividends) have been deducted from a company's total revenue. The net profit margin is a number which indicates the efficiency of a company at its cost control. A higher net profit shows more efficiency of the company at converting its revenue in to actual profit.

Net profit margin%= Net profit/Revenue

TABLE (3): - MEAN STANDARD DEVIATION AND COEFFICIENT OF VARIATION

YEAR	AXIS BANK	ICICI BANK	KVB BANK	YES BANK
2010-11	16.1	12.17	16.82	16.3
2011-12	18.58	15.79	16.87	15.56
2012-13	16.72	15.75	14.01	13.66
2013-14	16.39	17.19	11.72	13.61
2014-15	17.29	17.96	7.56	13.82
MEAN	17.016	15.772	13.396	14.59
SD	0.97976017	2.22335782	3.90631924	1.12099955
CV	5.75787597	14.0968667	29.1603407	7.6833417

As per table it has found that bank wise mean standard deviation & coefficient of variation of net profit margin of selected banks. Axis & ICICI bank has highest mean & KVB bank has lowest mean value i.e. 17.016, 15.772 & 13.396 as compared to other bank. Standard deviation of net profit to revenue of KVB has 3.91 with highest coefficient of variation of 29.16% and Axis bank has 0.9797 low standard deviation with low coefficient variation of 5.7578% as compared to other banks.

Hypothesis:

H0: μ1=μ2=μ3=μ4 (There is no significant relationship between net profit margin among different private sector banks in India.)

H1: μ1≠μ2≠μ3≠μ4 (There is significant relationship between net profit margin among different private sector banks in India.)

TABLE (4): Projects the result of ANOVA (one way) test

ANOVAs: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Axis Bank	5	85.08	17.016	0.95993
ICICI Bank	5	78.86	15.772	4.94332
KVB	5	66.98	13.396	15.25933
Yes Bank	5	72.95	14.59	1.5708

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	36.25694	3	12.08565	2.126502	0.136986	3.238872
Within Groups	90.93352	16	5.683345			
Total	127.1905	19				

As per the table (4) it is found that calculated of ANOVA one way test (2.126502) is less than the table value (3.238872) so null hypothesis is accepted. Therefore it concluded that there is no significant relationship between net profit margin among different private sector bank in India.

RETURN ON LONG TERM LOAN:

Long term loan or debts for a company would include any financing or leasing obligation that are to come due to in a greater than 12-month period. Such obligations would include company bond issues or long term leases that have been capitalized on a firm's balance sheet. This ratio shows the relationship between net profit and the long term funds. The long term funds refer total investment in the business of long run.

Return on long term fund% = net profit/long term fund

TABLE (5): - MEAN STANDARD DEVIATION AND COEFFICIENT OF VARIATION

YEAR	AXIX BANK	ICICI BANK	KVB BANK	YES BANK
2010-11	66.34	44.72	99.9	74.73
2011-12	72.25	43.05	95.12	102.46
2012-13	88.84	52.33	110.47	131.35
2013-14	75.72	56.37	123.47	137.76
2014-15	73.36	56.48	127.09	134.67
MEAN	75.302	50.59	111.21	116.194
SD	8.31949037	6.37253089	14.051991	24.2653882
CV	11.0481665	12.596424	12.6355462	20.8835122

Table (5) shows the detail about bank wise mean, standard deviation & coefficient of variation of return on long term fund of selected banks. Yes bank & KVB have highest mean value & ICICI bank has lowest mean value when compare to rest of selected banks. Standard deviation of return on long term fund of Yes bank has 24.265 with coefficient of variation of 20.88% and ICICI bank has 6.372 low standard deviation & high coefficient of variation is 12.596% and compare to Axis bank is low coefficient of variation of 11.048%.

Hypothesis:

H0: μ1=μ2=μ3=μ4 (There is no significant relationship between return on long term fund among different private sector banks in India.)

H1: μ1≠μ2≠μ3≠μ4 (There is significant relationship between return on long term fund among different private sector banks in India.)

TABLE (6): Projects the result of ANOVA (one way) test

ANOVAs: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Axis bank	5	376.51	75.302	69.21392
ICICI Bank	5	252.95	50.59	40.60915
KVB	5	556.05	111.21	197.4584
Yes Bank	5	580.97	116.194	736.0113

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	14469.67	3	4823.222	18.4923	1.88E-05	3.238872
Within Groups	4173.171	16	260.8232			
Total	18642.84	19				

As per the table (6) it is found that calculated of ANOVA one way test (18.4923) is greater than the table value (3.238872) so null hypothesis is rejected. Therefore it concluded that there is significant relationship between return on long term loan among different private sector bank in India.

RETURN TO NET WORTH:

The return on equity ratio which is also known as the return on net worth is used by investors to determine the amount of return they are receiving from their capital investment in a company. This ratio measures the profitability of the capital invested in the business by the shareholders. Company can increase their return on equity percentage by buying back their stock increasing earning or using more debts to fund operations.

Return on net worth%= Net profit after tax/Equity shareholder fund

TABLE (7): - MEAN STANDARD DEVIATION AND COEFFICIENT OF VARIATION

YEAR	AXIX BANK	ICICI BANK	KVB BANK	YES BANK
2010-11	15.67	7.79	20.74	15.46
2011-12	17.83	9.35	19.65	19.16
2012-13	18.59	10.7	18.52	20.89
2013-14	15.64	12.48	17.83	22.39
2014-15	16.26	13.4	12.91	22.71
MEAN	16.798	10.744	17.93	20.122
SD	1.33969026	2.27702218	3.01715926	2.64919157
CV	7.97529624	21.1934305	16.8274359	13.1656474

Table (7) shows the detail about bank wise mean, standard deviation & coefficient of variation of return on long term fund of selected banks. Yes bank & KVB have highest mean value & ICICI bank has lowest mean value when compare to rest of selected banks. Standard deviation of return on net worth of ICICI bank has 2.277 with coefficient of variation of 21.193% but KVB has highest standard deviation 3.017 with low coefficient of variation 16.827% with compare to ICICI bank.

Hypothesis:

H0: μ1=μ2=μ3=μ4 (There is no significant relationship between return on net worth among different private sector banks in India.)

H1: μ1≠μ2≠μ3≠μ4 (There is significant relationship between return on net worth among different private sector banks in India.)

TABLE (8): Projects the result of ANOVA (one way) test

ANOVAs: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Axis Bank	5	83.99	16.798	1.79477
ICICI Bank	5	53.72	10.744	5.18483
KVB	5	89.65	17.93	9.10325
Yes Bank	5	100.61	20.122	8.77277

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	241.7146	3	80.57153	12.96633	0.00015	3.238872
Within Groups	99.42248	16	6.213905			
Total	341.1371	19				

As per the table (8) it is found that calculated of ANOVA one way test (12.96633) is greater than the table value (3.238872) so null hypothesis is rejected. Therefore it concluded that there is significant relationship between return on net worth among different private sector bank in India.

RETURN ON ASSETS:

Return on assets is a financial ratio that shows the percentage of profit that a company ears in relation to its overall resources (total assets). Profitability can be measured in terms of relationship between net profit and total assets. The return on assets ratio is also known as return on investment relates to the firm's assets base and what kind of return they are getting on their investment in their assets. A high ROA indicates that management is effectively utilizing the company's assets to generate profit.

Return on Assets%= Net profit/Total assets

TABLE (9): - MEAN STANDARD DEVIATION AND COEFFICIENT OF VARIATION

YEAR	AXIS BANK	ICICI BANK	KVB BANK	YES BANK
2010-11	395.99	463.01	297.6	90.96
2011-12	462.77	478.31	198.23	109.29
2012-13	551.91	524.01	252.68	132.49
2013-14	707.5	578.21	287.85	161.94
2014-15	813.47	633.92	310.35	197.48
MEAN	586.328	535.492	269.342	138.432
SD	172.449901	71.0073174	45.1587629	37.8878521
CV	29.4118482	13.2602013	16.7663279	27.3692875

The above table (9) which depicts that bank wise means, standard deviation & coefficient of variation of return on assets of selected banks. Axis Bank and ICICI Bank have highest mean value & Yes Bank has low mean value when compare to other private sector bank in India. Standard deviation of net profit to total assets of Axis Bank has 172.449 with coefficient variation of 29.411% and Yes Bank has 37.887 low standard deviation with low coefficient variation of 27.369% when compared to other banks.

Hypothesis:

H0: μ1=μ2=μ3=μ4 (There is no significant relationship between return on assets among different private sector banks in India.)

H1: μ1≠μ2≠μ3≠μ4 (There is significant relationship between return on assets among different private sector banks in India.)

TABLE (10): Projects the result of ANOVA (one way) test

ANOVAs: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Axis Bank	5	3517.968	586.328	23791.17
ICICI Bank	5	3212.952	535.492	4033.631
KVB	5	1616.052	269.342	1631.451
Yes Bank	5	830.592	138.432	1435.489

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	823957.7	3	274652.6	35.56323	3.29E-08	3.098391
Within Groups	154458.7	20	7722.937			
Total	978416.4	23				

As per the table (10) it is found that calculated of ANOVA one way test (35.56323) is greater than the table value (3.238872) so null hypothesis is rejected. Therefore it concluded that there is significant relationship between return on assets among different private sector bank in India.

ADJUSTED CASH MARGIN:

Adjusted cash margin also known as operating cash flow margin and margin ratio, the cash flow margin measures how well a company's daily operation can transform sales of their products and services into cash. A key profitability ratio relating cash flow from operation to net sales provides powerful view into the inner working of a company using two crucial measures of company performance. The cash flow margin ratio measures the ability of a firm to translate sales in to cash.

Adjusted cash margin: cash flow from operation/net sales

TABLE (11): - MEAN STANDARD DEVIATION AND COEFFICIENT OF VARIATION

YEAR	AXIS BANK	ICICI BANK	KVB BANK	YES BANK
2010-11	17.63	13.64	17.93	17.35
2011-12	18.58	17.27	18.07	16.31
2012-13	16.72	15.85	15.08	14.25
2013-14	16.39	18.2	12.92	14.15
2014-15	17.29	19.02	8.87	14.36
MEAN	17.322	16.796	14.574	15.284
SD	0.85285989	2.12116242	3.84096733	1.30613322
CV	4.9235648	12.6289737	26.3549288	8.5457552

As per table (11) it has been observed that bank wise mean standard deviation & coefficient of variation of adjusted cash margin of selected private bank in India. Axis bank has highest mean value & KVB has low mean value when compared to other selected banks. Standard deviation of cash flow operation to net sales KVB has 3.8409 with coefficient of variation of 26.354%

and Axis bank has 0.8528 low standard deviation with low coefficient of variation of 4.9235% when compared to other private sector bank in India.

H0: μ1=μ2=μ3=μ4 (There is no significant relationship between adjusted cash margin among different private sector banks in India.)

H1: μ1≠μ2≠μ3≠μ4 (There is significant relationship between adjusted cash margin among different private sector banks in India.)

TABLE (12): Projects the result of ANOVA (one way) test

ANOVAs: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Axis Bank	6	103.932	17.322	0.581896
ICICI Bank	6	100.776	16.796	3.599464
KVB	6	87.444	14.574	11.80242
Yes Bank	6	91.704	15.284	1.705984

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	29.56373	3	9.854576	2.228311	0.116318	3.098391
Within Groups	88.44884	20	4.422442			
Total	118.0126	23				

As per the table (12) it is found that calculated of ANOVA one way test (2.228311) is less than the table value (3.238872) so null hypothesis is accepted. Therefore it concluded that there is no significant relationship between adjusted cash margin different private sector bank in India.

VI. FINDING

- Interest spread shows that Yes bank has 10.72 percentages at the end of March 2014 and also Yes bank has low percentage of 3.21 at the end of March 2011. To conclude that the hypothesis there is no significant relationship between interest spread of (Axis, ICICI, KVB & Yes) private sector banks in India.
- Net profit margin reveals that Axis bank has highest percentage of 18.58 at the end of March 2012 and KVB has low percentage of 7.56 at the end of March 2015. To conclude that the hypothesis there is no significant relationship between net profit margin of (Axis, ICICI, KVB & Yes) private sector banks in India.
- Return on long term fund of selected banks for research the overall percentage of Yes bank has 137.76 at the end of March 2014 and ICICI bank has low percentage of 43.05 at the March 2012. To conclude that the hypothesis there is significant relationship between return on long term fund of (Axis, ICICI, KVB & Yes) private sector banks in India.
- Return on net worth shows that Yes bank has highest percentage of 22.71 at the end of March 2015 and ICICI bank has low percentage of 7.79 at the end of March 2011. To conclude that the hypothesis there is significant relationship between return on net worth of (Axis, ICICI, KVB & Yes) private sector banks in India.
- Return on assets shows the clear picture of Axis bank has highest percentage of 813.47 at the end of March 2015 and Yes bank has very low percentage of 90.96 at the end of March 2011. To conclude that the hypothesis there is significant relationship between return on assets of (Axis, ICICI, KVB & Yes) private sector banks in India.
- Adjusted cash margin shows the detail of all private sector banks ICICI has 19.02 percentages at the end of March 2015 and KVB has 12.92 percentages at the end of March 2014. . To conclude that the hypothesis there is no significant relationship between adjusted cash margin of (Axis, ICICI, KVB & Yes) private sector banks in India.

VII. CONCLUSION

Private bank in India has got a great response in terms of service and quality banking. Globalization has encouraged multinationals and foreign banks to set up their business unit in a developing country like India. Private sector banks should increase their profitability and productivity performance by adopting innovation modern technological changes and by fixing responsibility of officers for recovery etc & operating cost can be improve with the introduction of high level technology as well

as by improving the per employee productivity. The study indicated that all the selected private sector banks were found to be different in terms of total assets, interest spread, and net worth ratio and efficiency factors & there is also difference among the mean value of interest spread, net profit margin, return on long term fund, return on net worth & adjusted cash margin and there is no difference among the mean value of return on asset of private banks. So profitability ratios are employed by the management in order to assess how efficiently they carry on their business operations and also it is suggested for the entire bank to take effective steps to improve the operating efficiency of the business. Much difference in the profitability performance of banks was found due to human resources efficiency as measured in terms of business per employee. Profitability of private sector banks in India plays major role in banking sector without profit the investors cannot run the business. Profitability measure a company's ability to generate earnings related to sales, assets and equity. These ratios assess the ability of a company to generate earnings, profits and cash flows relative to relative to some metric, often the amount of money investment. Profitability ratios provide a definitive evaluation of the overall effectiveness of management based on the returns generated on sales and investment. Profitability is the primary motivating force for any economic activity. Business enterprise is essentially being an economic organization; it has to maximize the welfare or the investment of its stakeholders. To this end, the business undertaking has to earn profit from operations. Profitability acts as a yardstick to measure the effectiveness and efficiency of business effort for the growth and success of any business entities.

REFERENCES

[1] Kaur, A. (1991), Profits and Profitability of Indian Nationalized Banks, A Ph.D. Thesis, Submitted to Panjab University, Chandigarh.

[2] Kaur, A. (1993), Profits and Profitability in Commercial Banks, Deep and Deep Publication, New Delhi, 1993.

[3] Arora, S. and Kaur, S. (2006) "Financial Performance of Indian Banking Sector in Post-Reforms Era", The Indian Journal of Commerce, Vol.59, No.1, Jan.-March.

[4] Chandan, C.; and Rajput, P. K. (2002) "Profitability Analysis of Banks in India – A Multiple Regression Approach", Indian Management Studies Journal, June, pp.119-129.

[5] Cheema, C.S.; and Agarwal, M. (2002), "Productivity in Commercial Banks: A DEA Approach", The Business Review, Vol.8, No. 1 & 2.

[6] Kohli, H.; and Chawla, A.S. (2006), "Profitability Trends in Commercial Banks – A Study of Selected Commercial Banks", Indian Management Studies Journal, October, Vol.11, No.2, pp. 51-70.

[7] Kumari H. (2003), Productivity in Public and Private Sector Banks, A Ph.D. Thesis, Submitted to Punjabi University, Patiala.

[8] PRIYA S. (2014) "an analysis of profitability of private sector bank in India", MGR College, Hosur/ Periyar University, India.

[9] Maji, G.S.; and Day, S. (2006), "Productivity and Profitability of Select Public Sector Banks in India: An Empirical Analysis", The ICFAI Journal of Bank Management, Vol. V, No. 4, pp. 59-67.

[10] Prasad, K.V.N. and Ravinder, G. (2011), "Performance Evaluation of Banks: A Comparative Study on SBI, PNB, ICICI and HDFC", Advances in Management, Vol. 4(2) September, pp. 43-53.

[11] Singla, A.; and Arora, R.S. (2005), "Financial Performance of Public Sector Banks: A Comparative Study of Canara Bank and Indian Bank", Punjab School of Business Studies, Vol.I, No.1, April-Sep., pp. 87-93.

[12] Sooden, M.; and Bali, M. (2004), "Profitability in the Public Sector Banks in India in the Pre and Post-Reform Period: A Study", Indian Management Studies Journal, School of Management Studies, Punjabi University, Patiala, Vol.8 , No.2, August, pp. 69-91.

[13] Vyas, R. (1992), "Profitability of Commercial Banks in India: A Comparative Study of Public Sector Banks, Private Sector Banks and Foreign Sector Banks Operating in India", A Ph.D. Thesis submitted to Institute of Management Studies, Devi Ahilya Vishwavidyalaya, University of Indore, M.P. Available at www.academicfoundation.com.

Bibliography

Books:

[1] C.R Kothari (2010), "Statistical methods", S Chand & Sons New Age International (P) Ltd Publishers, New Delhi.

[2] G.Sudarsana Reddy (2012), "Financial Management", Himalaya Publishing House Pvt Ltd, Mumbai.

[3] Dr.V.Radha (2012), "Banking Theory, Law & Practice", Prasanna publishers & Distributors, Chennai.

[4] N.P.Srinivasan & M.Sakthivel Murugan (2010), "Accounting for Management", S.Chand & Company Ltd, New Delhi.

[5] Dr.R.Ramachandran & Dr.R.Srinivasan (2012), "Management Accounting",Sriram Publications, Trichy.

[6] Prof. Nirmal Jain (2009) "Fundamentals of Financial management" Nakoda publisher & printer Indore.