

**A COMPARATIVE ANALYSIS OF PROFITABILITY RATIO OF
SELECTED PUBLIC SECTOR BANKS IN INDIA**

Prof. Akbarhusain.T. Patel

Jafari Arts & Commerce College, Shekhpur

ABSTRACT:

The Objectives of the study was to find out the Comparative Analysis of Profitability Ratio of Selected Public Sector Banks in India Five Indian public sector banks have had their net profit margin and return on equity (RONW) examined. 1. State Bank of India, for example 2. India's Union Bank 3. The Indian Bank 4. Canara Bank and 5. Punjab National Bank. Secondary data served as the study's foundation. The information was gathered from a few Indian public sector banks' annual reports. According to the findings, throughout the period of 202-21 to 2024-25 of selected Public Sector Banks, the net profit of State Bank of India peaked at 0.96% in 2024-25 and was at its lowest point at -1.66% in 2020-21 for Punjab National Bank. RONW of State Bank of India was a maximum of 18.44% in the year 2024-25 and Punjab National Bank was a minimum (-32.44) % in the year 2020-21 during the period 2020-21 to 2024-25 of selected Public Sector Banks.

KEYWORDS: Net Profit Margin, RONW, Comparative

I. INTRODUCTION

India's banking industry has developed into one of the nation's most potent engines of economic development. The Indian banking system has achieved great achievements in recent years, notwithstanding the global financial crisis. India's worldwide expansion and financial market liberalization over the past two decades have resulted in a revolution of the Indian banking industry. Indian banking is currently on the verge of a historically

unimagined upheaval. In recent years, the firm has seen significant expansion and investment.

The outcomes of this study will contribute to the growing body of knowledge in the banking industry, and the data will be available for use as academic literature by other students and researchers on a global and local scale. Policymakers will have information to aid them in developing policies affecting the banking industry. Additionally, the general public will be

educated about the numerous aspects that contribute to the analysis of banks' financial performance. This information will be beneficial to future investors trading on the NSE. The conclusions of this research will assist bank owners significantly. They will get a better understanding of the internal variables affecting them and develop strategic plans for increasing their performance and competitiveness in their sector and the broader economy, both locally and worldwide.

REVIEW OF LITERATURE

S, Vanita (2022) “PROFITABILITY ANALYSIS OF PUBLIC SECTOR BANKS IN INDIA” Researcher analysis to determine the financial performance of selected Public Sector Banks. The secondary data was collected from 2017–18 to 2020–21. Descriptive and quantitative analysis was employed by the researcher to assess the profitability performance of selected public banks. The statistical data on finances gathered from other financial websites and the annual reports are available on the official bank's website. Researchers discovered that the Bank of India outperformed the Bank of Maharashtra and India Overseas Bank in terms of margin returns. During the designated period, the Central Bank of India has achieved an efficient return on its long-term fund. (Mrs. Vanitha S & Dr. Raghavendra N R, 2022)

Shah, Ishan (2023) “COMPARATIVE ANALYSIS OF THE FINANCIAL

PERFORMANCE OF SELECT PUBLIC SECTOR AND PRIVATE SECTOR BANKS FROM 2017 – 2022”

This research aimed to examine the efficiency and financial performance of banks in the public and private sectors. to offer recommendations for how to enhance the financial analysis. the secondary data gathered from publications, research papers, and magazine references. This study concentrates mainly on a small number of banks from the public and private sectors; the banks are chosen according to their market capitalization. In summary, PNB has demonstrated enhanced financial performance in the past few years, primarily due to its core business operations and asset quality enhancements. To maintain its growth over time, the bank must maintain its efforts to lower its non-performing assets (NPAs) and boost overall efficiency. (Shah & Bidyarthi, 2023)

Goel Cheenu (2013) “A Comparative Study on the Performance of Selected Public Sector and Private Sector Banks in India” To analyse the profit margins of a chosen group of public and private banks between 2009 and 2012. Data collected through Reserve Bank of India monthly bulletins, annual reports, money Rediff, money control, banks websites, etc. Based on their total assets, three banks from the private sector and three from the public sector were chosen. When all factors are viewed, the research backs up the claim that modern banks are more productive than older ones. Compared to

other sectors, the public sector banks are not as profitable. It implies a relationship between profitability and efficiency. The secret of raising Performance is influenced by NIM, ROE, and ROA.(Cheenu Goel Chitwan Bhutani Rekhi, 2018)

Mohanty Sagarika (2021) “A Comparative Financial Performance of Selected Public and Private Sector Banks in India” The primary objective of the study was to evaluate the financial standing of a few Indian public and private sector banks. An analysis of banks' financial performance is conducted using data spanning from 2016–17 to 2020–21. The basis of the research is the use of important financial metrics, namely profitability ratios, liquidity ratios, and bank asset quality measures. The T-test and mean value are utilized in comparison analysis. Descriptive statistics (T-Test) comparing the key performance metrics for selected Indian banks from 2016–17 to 2020–21 show a significant difference in overall performance. The total comparative assessment of the performances of the two selected banks revealed, according to the research results, that ICICI Bank performed better than IOB during the study period. (Mohanty, 2021)

RESEARCH METHODOLOGY

Objectives of the study:

Comparative Analysis of Net Profit Ratio of Selected Public Sector Banks in India.

Sample Size:

Out of 12 public sector banks selected 5 public sector banks as a sample of the study on the basis turnover.

List of 5 Public Sector Banks in India

No.	Public Sector Bank Name
1	State Bank of India
2	Union Bank of India
3	Bank of India
4	Punjab National Bank
5	Canara Bank

Data Collection:

The present study is based on secondary data. secondary data means data gathered and recorded by someone else before and for a purpose other than the current project. The data is collected from the annual reports of Selected Public sector Banks in India.

Hypothesis:

1. H_0 : There is no significant difference in the net profit Margin of selected public sector Banks in India.
2. H_1 : There is a significant difference in the net profit Margin of selected public sector Banks in India.
3. H_0 : There is no significant difference in the RONW of selected public sector Banks in India.
4. H_1 : There is a significant difference in the RONW of selected public sector Banks in India.

Tools and Techniques:

The present study is mainly intended to compare the Profitability ratio of selected public sector Banks in India. The period of the study is 2020-21 to 2024-25.

For the data analysis, the Researcher selected 2 Profitability ratios:

1. Net Profit Margin
2. RONW

Scope of the Study:

Present study has been undertaken by

selecting Five Public sector Banks, researcher can increase the number of Banks.

Limitations of the Study:

1. Research study based on analysis of only 5 years data.
2. Only 5 Public sector Banks are analysed in this research study.
3. Only Net Profit Ratio and RONW are analysed in this research study.

FINDINGS AND SUGGESTIONS

Table 1 Net Profit Margin of selected Cooperative Dairies from 2020-21 to 2024-25

Year	State Bank of India	Union Bank of India	Bank of India	Punjab National Bank	Canara Bank
2021-21	0.08	-0.6	-0.98	-1.66	0.05
2021-22	0.44	-0.56	-0.25	0.19	-0.32
2022-23	0.53	0.36	-1	-0.63	0.27
2023-24	0.68	0.46	0.29	0.53	0.48
2024-25	0.96	0.68	0.53	0.65	0.83
Average	0.538	0.068	-0.282	-0.184	0.262
Max	0.96	0.68	0.53	0.65	0.83
Min	0.08	-0.6	-1	-1.66	-0.32

Sources: Moneycontrol Website

Interpretation: Above table shows that,

1. Net profit of State Bank of India was a maximum of 0.96% in the year 2024-25 and Punjab National Bank was a minimum (-1.66) % in the year 2020-21 during the period 2020-21 to 2024-25 of selected Public Sector Banks.
2. There is a fluctuating trend of Net profit during the period 2020-21 to 2024-25.
3. The average Net profit of State Bank of India was a maximum of 0.96% and Bank of

India was a minimum of (-0.282) % during the period 2020-21 to 2024-25 of selected Public Sector Banks.

Table 2 RONW of selected Cooperative Dairies from 2020-21 to 2024-25

Year	State Bank of India	Union Bank of India	Bank of India	Punjab National Bank	Canara Bank
2021-21	1.45	0	0	-32.44	1.05
2021-22	6.57	0	0	3.59	0
2022-23	10.1	6.44	0	-10.87	5.01
2023-24	13.61	8.34	6.32	8.48	8.96
2024-25	18.44	12.22	11.16	10.17	17.14
Average	10.034	5.4	3.496	-4.214	6.432
Max	18.44	12.22	11.16	10.17	17.14
Min	1.45	0	0	-32.44	0

Sources: Moneycontrol Website

Interpretation: Above table shows that,

1. RONW of State Bank of India was a maximum of 18.44% in the year 2024-25 and Punjab National Bank was a minimum (-32.44) % in the year 2020-21 during the period 2020-21 to 2024-25 of selected Public Sector Banks.
2. There is a fluctuating trend of Net profit during the period 2020-21 to 2024-25.
3. The average Net profit of State Bank of India was a maximum of 10.034 % and Bank of India was a minimum of (-32.44) % during the period 2020-21 to 2024-25 of selected Public Sector Banks.

Hypothesis:

H_0 : There is no significant difference in the net profit Margin of selected public sector Banks in India.

H_1 : There is a significant difference in the net profit Margin of selected public sector Banks in India.

Level of significance: 5%

Table 3 One-way ANOVA of Net Profit Margin for Selected Public sector Banks in India.

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
State Bank of India	5	2.69	0.538	0.10442		
Union Bank of India	5	0.34	0.068	0.36352		
Bank of India	5	-1.41	-0.282	0.49757		
Punjab National Bank	5	-0.92	-0.184	0.93068		
Canara Bank	5	1.31	0.262	0.18847		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	2.218856	4	0.554714	1.330466	0.29305	2.866081
Within Groups	8.33864	20	0.416932			
Total	10.5575	24				

Sources: Moneycontrol Website

Interoperation:

Above table indicates that a one-way ANOVA is conducted to examine whether there are statistically significant differences in Net profit Margin of 5 years for selected public sector Banks in India. The p-value (0.29) is higher than the significance value (0.05). So, the Null hypothesis is accepted.

Hypothesis:

H_0 : There is no significant difference in the RONW of selected public sector Banks in India.

H_1 : There is a significant difference in the RONW of selected public sector Banks in India.

Level of significance: 5%

Table 4 One-way ANOVA of RONW for Selected Public sector Banks in India.

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
State Bank of India	5	50.17	10.034	42.28433		
Union Bank of India	5	27	5.4	28.6394		
Bank of India	5	17.48	3.496	25.84448		
Punjab National Bank	5	-21.07	-4.214	317.4872		
Canara Bank	5	32.16	6.432	48.35267		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	558.7201	4	139.68	1.509701		2.866081
Within Groups	1850.432	20	92.52162			
Total	2409.152	24				

Sources: Moneycontrol Website

Interpretation:

Above table indicates that a one-way ANOVA is conducted to examine whether there are statistically significant differences in RONW of 5 years for selected public sector Banks in India. The p-value (0.237) is higher than the significance value (0.05). So, the Null hypothesis is accepted.

CONCLUSION

According to the findings, throughout the period of 202-21 to 2024-25 of selected Public Sector Banks, the net profit of State Bank of India peaked at 0.96% in 2024-25 and was at its lowest point at -1.66% in 2020-21 for Punjab National Bank. RONW of State Bank of India was a maximum of 18.44% in the year 2024-25 and Punjab National Bank was a minimum (-32.44) % in the year 2020-21 during the period 2020-21 to 2024-25 of selected Public Sector Banks.

References:

Cheenu Goel Chitwan Bhutani Rekhi, A. (2018). A Comparative Study on the Performance of Selected Public Sector and Private Sector Banks in India. *International Journal of Management Studies*, V(4(6)), 82. [https://doi.org/10.18843/ijms/v5i4\(6\)/12](https://doi.org/10.18843/ijms/v5i4(6)/12)

Mohanty, S. (2021). A Comparative Financial Performance of Selected Public And Private Sector Banks in India.

Parikalpana: KIIT Journal of Management, 17(2), 155. <https://doi.org/10.23862/kiit-parikalpana/2021/v17/i2/210548>

Mrs. Vanitha S, & Dr. Raghavendra N R. (2022). Profitability Analysis of Public Sector Banks in India. *EPR International Journal of Environmental Economics, Commerce and Educational Management*, 9(July), 55–61. <https://doi.org/10.36713/epra10929>

Shah, I. S., & Bidyarthi, H. M. J. (2023). Comparative Analysis of the Financial Performance of Select Public Sector and Private Sector Banks From 2017 - 2022. *International Research Journal of Modernization in Engineering Technology and Science*, 04, 3045–3050. <https://doi.org/10.56726/irjmet36291>

Website:

https://www.moneycontrol.com/promo/mc_interstitial_dfp.php?size=1280x540