

Relative Financial Performance Of Public Sector Banks

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INTRODUCTION

During the 20th century, in most of the nations, domestic banking was generally subjected to heavy regulations and financial repression. The growth and financial stability of the country depend on the financial soundness of its banking sector. The Indian banking sector has been working in a more open and globalized environment for two decades since liberalization. The liberalization process of the Indian Economy has made the entry of new private sector banks possible and allowed the foreign sector banks to increase their branches in the banking sector. Besides, following India's commitment to the WTO, foreign banks have been permitted to open more branches with effect from 1998-99. With the increased competition and the emphasis on profitability, the public sector banks are now moving towards an economic-oriented model, departing from the social approach followed for decades. Thus, the restructuring of public sector banks and the emergence of new banks in the private sector as well as the increased competition from foreign banks, have improved the professionalism in the banking sector. The increased presence of the private and foreign banks during the past decade has made the market structure of the banking sector in terms of competitive pricing of services, narrow spreads, and improving the quality of the services. The public sector banks, which had dominated the banking sector for decades, are now feeling the heat of the competition from private and foreign sector banks.

CONCEPT OF PROFITABILITY

In the words of Lord Keynes, "*Profit is the engine that drives the business enterprise*". The primary objective of a business undertaking is to earn profits. Profit earning is considered essential for the survival of the business. A business needs profit not only for its existence, but also for expansion and diversification.

The investors want an adequate return on their investments, workers want higher wages, creditors want higher security for their interest and loan and so on. A business enterprise can discharge its obligations to various segments of the society only through earning of profits. Profits are, thus, a useful measure of overall efficiency of a business. How good is a company at running its business? Does its performance seem to be getting better or worse? Is it making any money? How profitable is it compared to its competitors? All of these are very important questions that can be answered by analyzing profitability ratios. Profitability Ratios show how successful a company is in terms of generating returns or profits on the Investment that it has made in the business. If a business is liquid and efficient, it should also be Profitable.

This Ratios shows how profitable the business is, compared to previous years and to similar businesses. In limited companies, they may be used by investors, shareholders or seeking investors. Every firm is most concerned with its profitability. One of the most frequently used tools of financial ratio analysis is profitability ratios, which are used to determine the company's bottom line. Profitability measures are important to company managers and owners alike. If a small business has outside investors, who have put their own money into the company, the primary owner certainly has to show profitability to those equity investors.

REVIEW OF LITERATURE

Literature review is a study involving a collection of literatures in the selected area of research, in which the scholar has limited experience. In the past, various studies relating to the financial performance of banks have been conducted by researchers.

Studies by Saveeta and Verma Sateesh (2001), Shravan Singh (2001), Kantawala Amita S. (2004), Ketkar W. Kusum et al. (2004), analyze the performance of banks from a profitability point of view, using various parameters. Most of the studies (Ganesan P. 2001; Rayapati Vijayasree, 2002; Das M. R., 2002-2003; and Gupta V. & Jain P. K., 2003)

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compared the performance of public, private and foreign banks by using measures of profitability, productivity, and financial management (Trehan Ruchi and Sonu Nitti, 2003). P. Janaki Ramudu and S. Durga Rao (2006) conducted a study on 'A Fundamental Analysis of Indian Banking Industry', by analyzing the performance of SBI, ICICI and HDFC. Gunjan M. Sanjeev (2009) conducted a study on Efficiency of Indian public sector banks and found that the efficiency of public sector banks did not increased during the period 2003-07. R. C. Dangwal and Reetu Kapoor (2010) conducted a study on financial performance of nationalized banks. In this study, they compared the financial performance of 19 commercial banks with respect to eight parameters and they classified the banks as excellent, good, fair and poor categories. Raj Mohan S. and Pashupati S. (2010) conducted a study to evaluate the performance of TAICO bank using profitability ratios. Dilip Kumar Jha and Durga Sankar Sarangi (2011) conducted a study on Performance of new generation banks using modern techniques.

OBJECTIVES OF THE STUDY

With the above- mentioned backdrop, the present study necessitated to examine the financial performance of all public sector banks during the period from 2006-10. The study is based on spread, burden, and profitability ratios. The main objective of the study is to evaluate the financial performance of the public sector banks in India and to appraise the profitability of these banks through the overall profitability indices.

RESEARCH METHODOLOGY

✿ **Period of The Study:** The period for evaluating financial performance through profitability indices in this study ranges from 2006-10, i.e., for 5 years. The data for twenty six public sector banks on interest earned, interest expended, non interest expenditure, non interest income, operating profit, net profit and total assets was collected from ACE ANALYZER database and converted into percentage of total assets. The variables considered in the study are interest earned as a percentage of total assets (IE/TS), interest expended as percentage of total assets (IP/TA), spread as percentage of total assets (SPR/TA), non interest expenditure as percentage of total assets (NIE/TA), non interest income as percentage of total assets (NII/TA), burden as percentage of total assets (B/TA), operating profit as percentage of total assets (OP/TA) and net profit as percentage as total assets (NP/TA).

✿ **Statistical Tools Used:** The following statistical tools are used in the study to analyze the data :

1. Average & Standard Deviation

2. Coefficient Of Variation

3. **Trend Analysis:** The annual growth rate percent over the base year was calculated to analyze the trends on year to year:

$$\text{Growth rate} = \frac{\text{Current Year Value} - \text{Base Year Value}}{\text{Base Year Value}} \times 100$$

4. **Performance Indices :** For analyzing the performance of 26 public sector banks, eight profitability indices were calculated by using the following formula :

$$\text{Profitability Index (P.I)} = \frac{\text{Average ratio for bank concerned}}{\text{Overall average ratio of PSBs}}$$

5. **Classification of Banks :** On the basis of performance Indices (P.I), the study seeks to classify the public sector banks into four categories:

a. **'Excellent performance'** category, which covers the banks lying at the top 25 percent area of the normal curve.

b. **'Good performance'** category, where the growth index score lies between 50 percent to 75 percent area of normal curve.

c. **'Fair performance'** category, which includes those banks whose growth index score lies between 25 percent to 50 percent area of the normal curve.

d. **'Poor Performance'** category, which includes those banks whose growth index score lies at the lowest 25 percent area of the normal distribution.

RESULTS AND DISCUSSION

✿ **IE/TA:** It is an indicator of the rate at which a bank earns by lending various funds. The IE/TA position of sample banks is depicted in Table 1 and is discussed below.

Table 1 : Interest Earned As Percentage Of Total Assets (2006-2010)												
BANK	IE/TA (%)					Trend base growth rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	6.81	7.22	7.57	7.54	6.88	6.02	4.85	-0.4	-8.75	7.2	0.32	4.44
Andhra Bank	6.58	6.97	7.58	7.85	7.05	5.93	8.75	3.56	-10.2	7.2	0.45	6.25
BOB	6.22	6.29	6.58	6.64	6	1.13	4.61	0.91	-9.64	6.35	0.24	3.78
BOI	6.26	6.3	6.91	7.25	6.5	0.64	9.68	4.92	-10.3	6.64	0.38	5.72
BOM	7.53	6.98	7.35	7.27	6.66	-7.3	5.3	-1.09	-8.39	7.16	0.31	4.33
Canara Bank	6.56	6.85	7.87	7.79	7.08	4.42	14.9	-1.02	-9.11	7.23	0.52	7.19
CBI	7.21	6.7	6.45	7.08	6.6	-7.07	-3.73	9.77	-6.78	6.81	0.29	4.26
Corporation Bank	6.48	6.37	6.78	6.98	6.53	-1.7	6.44	2.95	-6.45	6.63	0.22	3.32
Dena Bank	6.63	6.74	7.01	7.11	6.96	1.66	4.01	1.43	-2.11	6.89	0.18	2.61
IB	7.06	7.47	7.31	8.13	7.75	5.81	-2.14	11.2	-4.67	7.54	0.37	4.91
IDBI Bank	6.08	6.11	6.14	6.7	6.54	0.49	0.49	9.12	-2.39	6.31	0.26	4.12
IOB	7.42	7.09	7.82	7.96	7.82	-4.45	10.3	1.79	-1.76	7.62	0.32	4.2
OBC	6.99	6.99	7.54	7.87	7.46	0	7.87	4.38	-5.21	7.37	0.34	4.61
P&S BANK	NA	NA	7.17	7.85	6.94	NA	NA	9.48	-11.6	7.32	0.39	5.33
PNB	6.6	6.92	7.17	7.83	7.24	4.85	3.61	9.21	-7.54	7.15	0.41	5.73
SBBJ	7.14	6.88	7.42	8.22	7.34	-3.64	7.85	10.8	-10.7	7.4	0.45	6.08
SBH	6.77	6.85	7.15	7.44	7.15	1.18	4.38	4.06	-3.9	7.07	0.24	3.39
SBI	7.25	6.57	6.78	6.61	6.74	-9.38	3.2	-2.51	1.97	6.79	0.24	3.53
SBM	6.96	6.62	7.54	8.02	7.84	-4.89	13.9	6.37	-2.24	7.4	0.53	7.16
SBT	7.21	7.08	7.79	8.35	7.36	-1.8	10	7.19	-11.9	7.56	0.46	6.08
State Bank of Patiala	NA	NA	7.3	8.34	7.85	NA	NA	14.3	-5.88	7.83	0.42	5.36
Syndicate Bank	6.63	6.77	7.38	7.31	7.23	2.11	9.01	-0.95	-1.09	7.06	0.3	4.25
UBI	6.58	7.19	7.43	7.39	6.82	9.27	3.34	-0.54	-7.71	7.08	0.33	4.66
UCO Bank	7.04	6.96	7.25	7.27	6.94	-1.14	4.17	0.28	-4.54	7.09	0.14	1.97
United Bank	7.1	6.76	6.61	6.95	6.82	-4.79	-2.22	5.14	-1.87	6.85	0.17	2.48
Vijaya Bank	7.33	6.66	7.09	8.4	7.41	-9.14	6.46	18.5	-11.8	7.38	0.57	7.72
PSBs Average	6.852	6.81	7.19	7.54	7.06	-0.67	5.67	4.89	-6.44	7.113	0.34	4.75
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

This ratio shows an upward trend from 6.85 percent in 2006 to 7.058 in 2010 and registered a growth rate of 3 percent during the period of the study. The growth rate was highest in UBI (9.27 percent) and the lowest in SBI (-9.38 percent) in 2007, whereas, it was highest in SBI (1.97 percent) and lowest in SBT (-11.9 percent) in the year 2010. The bank-wise statistical analysis revealed that fourteen banks recorded a higher average of IE/TA than the overall average of PSBs (7.1127 percent). SBP was at the top place with an average IE/TA of 7.83 percent, and IDBI stood at the last position with the least average of 6.31. In terms of dispersion, Vijaya Bank was less consistent and UCO bank was more consistent.

With regard to profitability indices, it can be observed from the Table 9 & Table 10, that eight banks namely SBP, IOB, SBT, IB, SBBJ, SBM, Vijaya Bank and OBC obtained the 'excellent' level performance and seven banks namely United Bank Of India, CBI, SBI, BOI, Corporation Bank, BOB and IDBI showed a 'poor' performance level. Six banks came in 'good' performance category, and five banks came under the 'fair' performance level.

✿ **IP/TA:** It is a measure of the cost of funds incurred by the bank. Lesser the ratio, greater shall be the profit margin of the bank. The IP/TA position of PSBs during 2006-10 is depicted in Table 2 and discussed below. This ratio shows an upward trend from 4.007 percent in 2006 to 4.936 percent in 2010, with a growth rate of 23.18 during 2006-10, which is not a good sign for profitability of PSBs. This ratio was highest for IDBI (5.647 percent) and lowest for PNB (3.385 percent) in the year 2007 and in the year 2010, it was highest in the case of SBP (5.84 percent), and lowest in the case of BOB (3.87 percent). The bank-wise statistical analysis revealed that thirteen banks had higher average than the PSBs' average. In case of dispersion, Vijaya Bank (17.476) was less consistent and IDBI (3 percent) was more consistent.

Table 2 : Interest Expended As Percentage Of Total Assets												
BANK	IP/TA (%)					Trend Base Growth rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	3.96	4.63	5.42	5.33	4.7	16.9	17.1	-1.66	-11.8	4.81	0.53	11.02
Andhra Bank	3.702	3.992	5.07	5.47	4.62	7.83	27	7.89	-15.5	4.57	0.66	14.44
BOB	3.417	3.791	4.4	4.38	3.87	10.9	16.1	-0.46	-11.6	3.97	0.37	9.32
BOI	3.916	3.875	4.54	4.81	4.41	-1	17.2	5.947	-8.32	4.31	0.36	8.353
BOM	4.815	4.173	4.8	5.14	4.84	-13	15	7.083	-5.84	4.75	0.32	6.737
Canara Bank	3.862	4.421	5.91	5.65	4.94	14.5	33.7	-4.4	-12.6	4.96	0.76	15.32
CBI	4.024	4.042	4.66	5.57	5.21	0.45	15.3	19.53	-6.46	4.7	0.62	13.19
Corporation Bank	3.455	3.893	4.61	5.04	4.55	12.7	18.4	9.328	-9.72	4.31	0.56	12.99
Dena Bank	3.908	4.016	4.7	4.92	5.05	2.76	17	4.681	2.642	4.52	0.47	10.4
IB	3.893	4.297	4.48	5.02	4.49	10.4	4.26	12.05	-10.6	4.44	0.36	8.108
IDBI Bank	5.647	5.477	5.63	5.98	5.57	-3	2.79	6.217	-6.86	5.66	0.17	3.004
IOB	3.941	3.977	5.19	5.59	5.4	0.91	30.5	7.707	-3.4	4.82	0.71	14.73
OBC	4.265	4.698	5.68	6.09	5.35	10.2	20.9	7.218	-12.2	5.22	0.66	12.64
P&S BANK	NA	NA	4.63	5.4	4.85	NA	NA	16.63	-10.2	4.96	0.32	6.452
PNB	3.385	3.708	4.39	4.98	4.36	9.54	18.4	13.44	-12.4	4.16	0.56	13.46
SBBJ	3.536	4.16	5.13	5.84	5.1	17.6	23.3	13.84	-12.7	4.75	0.81	17.05
SBH	4.072	4.352	5.34	5.53	5.05	6.88	22.7	3.558	-8.68	4.87	0.56	11.5
SBI	4.082	3.916	4.43	4.45	4.49	-4.1	13.1	0.451	0.899	4.27	0.23	5.386
SBM	3.801	4.072	5.24	5.95	5.11	7.13	28.7	13.55	-14.1	4.83	0.79	16.36
SBT	4.217	4.47	5.5	5.76	5.01	6	23	4.727	-13	4.99	0.59	11.82
State Bank of Patiala	NA	NA	5.79	6.72	5.84	NA	NA	16.06	-13.1	6.12	0.43	7.026
Syndicate Bank	3.552	4.357	5.45	5.36	5.26	22.7	25.1	-1.65	-1.87	4.8	0.74	15.42
UBI	3.915	4.472	5.13	5.02	4.67	14.2	14.7	-2.14	-6.97	4.64	0.43	9.267
UCO Bank	4.51	4.84	5.59	5.8	5.24	7.32	15.5	3.757	-9.66	5.2	0.47	9.038
United Bank	4.047	4.01	4.93	5.08	5.01	-0.9	22.9	3.043	-1.38	4.62	0.48	10.39
Vijaya Bank	4.246	4.134	5.44	6.59	5.34	-2.6	31.6	21.14	-19	5.15	0.9	17.48
PSBs Average	4.007	4.241	5.08	5.441	4.94	5.83	19.8	7.1	-9.29	4.785	0.53	11.19
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

In terms of profitability indices of IP/TA (Table 9& Table10), while BOB, PNB, SBI, BOI, Corporation Bank and IB obtained the '*excellent*' level, whereas Vijaya Bank, UCO Bank, OBC, IDBI and SBP got '*poor*' level of performance. Seven banks came in the '*good*' category, and eight banks fell under the '*fair*' level of performance.

✿ **SPR/TA:** It is the difference between the interest earned and interest expended. This ratio is a measure of operational profitability and serves as the cushion for making various administrative and management expenses. The higher the ratio, the greater shall be profit margin of the bank. The SPR/TA position of PSBs is depicted in Table 3 .

Table 3 : Spread As Percentage Of Total Assets (2006-2010)												
BANK	SPR/TA (%)					Trend Base Growth rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	2.85	2.59	2.15	2.21	2.18	-9.12	-17	2.791	-1.36	2.4	0.28	11.67
Andhra Bank	2.88	2.98	2.51	2.38	2.43	3.47	-15.8	-5.18	2.101	2.64	0.25	9.47
BOB	2.8	2.5	2.18	2.26	2.13	-10.7	-12.8	3.67	-5.75	2.37	0.25	10.55
BOI	2.34	2.43	2.37	2.44	2.09	3.85	-2.47	2.954	-14.3	2.33	0.13	5.579
BOM	2.72	2.81	2.55	2.13	1.82	3.31	-9.25	-16.5	-14.6	2.41	0.37	15.35
Canara Bank	2.7	2.43	1.96	2.14	2.14	-10	-19.3	9.184	0	2.27	0.26	11.45
CBI	3.19	2.66	1.79	1.51	1.39	-16.6	-32.7	-15.6	-7.95	2.11	0.7	33.18
Corporation Bank	3.03	2.48	2.17	1.94	1.98	-18.2	-12.5	-10.6	2.062	2.32	0.4	17.24
Dena Bank	2.72	2.72	2.31	2.19	1.91	0	-15.1	-5.19	-12.8	2.37	0.31	13.08
IB	3.17	3.17	2.83	3.11	3.26	0	-10.7	9.894	4.823	3.11	0.15	4.823
IDBI Bank	0.43	0.63	0.51	0.72	0.97	46.5	-19	41.18	34.72	0.65	0.19	29.23
IOB	3.48	3.11	2.63	2.37	2.42	-10.6	-15.4	-9.89	2.11	2.8	0.43	15.36
OBC	2.73	2.29	1.86	1.78	2.11	-16.1	-18.8	-4.3	18.54	2.15	0.34	15.81
P&S BANK	NA	NA	2.54	2.45	2.09	NA	NA	-3.54	-14.7	2.36	0.19	8.051
PNB	3.22	3.21	2.78	2.85	2.88	-0.31	-13.4	2.518	1.053	2.99	0.19	6.355
SBBJ	3.6	2.72	2.29	2.38	2.24	-24.4	-15.8	3.93	-5.88	2.65	0.51	19.25
SBH	2.7	2.5	1.81	1.91	2.1	-7.41	-27.6	5.525	9.948	2.2	0.34	15.45
SBI	3.17	2.65	2.35	2.16	2.25	-16.4	-11.3	-8.09	4.167	2.52	0.37	14.68
SBM	3.16	2.55	2.3	2.07	2.73	-19.3	-9.8	-10	31.88	2.56	0.37	14.45
SBT	2.99	2.61	2.29	2.59	2.35	-12.7	-12.3	13.1	-9.27	2.57	0.25	9.728
State Bank of Patiala	NA	NA	1.51	1.62	2.01	NA	NA	7.285	24.07	1.71	0.21	12.28
Syndicate Bank	3.08	2.41	1.93	1.95	1.97	-21.8	-19.9	1.036	1.026	2.27	0.44	19.38
UBI	2.67	2.72	2.3	2.37	2.15	1.87	-15.4	3.043	-9.28	2.44	0.22	9.016
UCO Bank	2.53	2.12	1.66	1.47	1.7	-16.2	-21.7	-11.4	15.65	1.9	0.38	20
United Bank	3.05	2.75	1.68	1.87	1.81	-9.84	-38.9	11.31	-3.21	2.23	0.56	25.11
Vijaya Bank	3.08	2.53	1.65	1.81	2.07	-17.9	-34.8	9.697	14.37	2.23	0.52	23.32
PSBs Average	2.85	2.57	2.11	2.1	2.12	-9.84	-17.7	-0.42	0.91	2.3292	0.33	15
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

As shown in the Table 3, the SPR/TA ratio ranged between 2.845 percent in 2006 to 2.122 percent in 2010, with a downfall of 25.41 percent in the growth rate during 2006-10. The decline of this ratio is detrimental to the profitability of the bank. While the growth rate was highest in case of IDBI (46.5 percent), and lowest in case of SBBJ (-24.4 percent) in the year 2007, it was highest in IDBI (34.72 percent) and lowest in P&S bank (-14.69) in the year 2010. The bank wise statistical analysis revealed that fifteen banks had higher average than the PSBs' average (2.329 percent). The SPR/TA in terms of dispersion was less consistent with CBI (33.175 percent) and more consistent with IB (4.823 percent). In terms of profitability indices of SPR/TA, as indicated in Table 9& 10, five banks IB, PNB, IOB, SBBJ and AB obtained the '*excellent*' level of performance, whereas, three banks UCO bank, SBP and IDBI witnessed the '*poor*' level of performance. Nine banks come in the '*good*' level category and nine banks came under the '*fair*' performance level.

✿ **NIE/TA:** This ratio represents the share of manpower expenses and other contingent expenses from the total assets. The NIE/TA position of PSBs is summarized in the Table 4 . This ratio shows a declining trend from 3.163 percent in 2006, to 2.225 percent in 2010, with a downfall of 29.73 percent in the growth rate during the period of the study. A reduction in these is a better sign for the profitability of the bank. The bank-wise statistical analysis has revealed that, fourteen banks had a higher average than the PSBs' average (2.494). The NIE/TA in terms of dispersion was less

Table 4 : Non Interest Expenditure As Percentage Of Total Assets (2006-2010)												
BANK	NIE/TA (%)					Trend Base Growth Rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	2.67	2.04	2	2.59	2.43	-23.6	-1.96	29.5	-6.18	2.35	0.28	11.91
Andhra Bank	2.81	2.79	2.52	2.54	2.34	-0.712	-9.68	0.794	-7.87	2.6	0.18	6.923
BOB	3.06	2.75	2.52	2.49	2.04	-10.13	-8.36	-1.19	-18.1	2.57	0.34	13.23
BOI	2.77	2.74	2.43	2.46	2.41	-1.083	-11.3	1.235	-2.03	2.56	0.16	6.25
BOM	3.12	2.79	2.45	2.34	2.04	-10.58	-12.2	-4.49	-12.8	2.55	0.37	14.51
Canara Bank	2.72	2.44	2.32	2.26	2.08	-10.29	-4.92	-2.59	-7.96	2.36	0.21	8.898
CBI	3.55	2.64	1.99	1.85	1.76	-25.63	-24.6	-7.04	-4.86	2.36	0.67	28.39
Corporation Bank	3.34	2.67	2.11	2.19	1.99	-20.06	-21	3.791	-9.13	2.46	0.5	20.33
Dena Bank	4.18	3.32	2.53	2.21	2.04	-20.57	-23.8	-12.6	-7.69	2.86	0.79	27.62
IB	3.23	3.29	2.91	2.85	2.88	1.858	-11.6	-2.06	1.053	3.03	0.19	6.271
IDBI Bank	1.24	1.02	1.2	1.08	1.51	-17.74	17.65	-10	39.81	1.21	0.17	14.05
IOB	3.07	2.36	2.24	2.59	2.75	-23.13	-5.08	15.63	6.178	2.6	0.29	11.15
OBC	2.72	2.32	2.14	1.93	2.16	-14.71	-7.76	-9.81	11.92	2.25	0.26	11.56
P&S BANK	NA	NA	2.33	2.39	1.92	NA	NA	2.575	-19.7	2.21	0.21	9.502
PNB	3.1	3.33	2.75	2.78	2.76	7.419	-17.4	1.091	-0.72	2.94	0.23	7.823
SBBJ	4.39	3.26	2.66	2.75	2.47	-25.74	-18.4	3.383	-10.2	3.11	0.69	22.19
SBH	3.09	2.66	2	2.11	2.12	-13.92	-24.8	5.5	0.474	2.4	0.42	17.5
SBI	3.77	3.05	2.63	2.53	2.8	-19.1	-13.8	-3.8	10.67	2.96	0.44	14.86
SBM	3.83	2.92	2.62	2.42	2.68	-23.76	-10.3	-7.63	10.74	2.89	0.49	16.96
SBT	3.29	2.71	2.4	2.53	2.09	-17.63	-11.4	5.417	-17.4	2.6	0.4	15.38
State Bank of Patiala	NA	NA	1.82	1.76	2.18	NA	NA	-3.3	23.86	1.92	0.19	9.896
Syndicate Bank	3.17	2.3	1.97	1.96	2.23	-27.44	-14.3	-0.51	13.78	2.33	0.44	18.88
UBI	2.46	2.56	2.25	2.22	2.1	4.065	-12.1	-1.33	-5.41	2.32	0.17	7.328
UCO Bank	2.96	2.43	2.06	1.89	1.66	-17.91	-15.2	-8.25	-12.2	2.2	0.46	20.91
United Bank	3.79	2.94	2.28	2.37	2.11	-22.43	-22.4	3.947	-11	2.7	0.61	22.59
Vijaya Bank	3.58	2.4	1.78	2.5	2.31	-32.96	-25.8	40.45	-7.6	2.51	0.59	23.51
PSBs Average	3.16	2.66	2.266	2.292	2.225	-15.24	-12.9	1.48896	-1.629	2.4942	0.375	14.94
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

consistent with Dena bank (27.62 percent) and more consistent with BOI (6.25 percent).

In case of profitability indices of NIE/TA, as exhibited in the Table 9 & Table 10, while IDBI, SBP, UCO Bank and P&S bank obtained the 'excellent' level of performance while Dena Bank, SBM, PNB, SBI, IB and SBBJ witnessed the 'poor' level of performance. Eight banks come in the 'good' category, and eight banks come under the 'fair' level of performance.

✿ **NII/TA:** This ratio indicates the non-fund-based incomes, and includes commission, brokerage, service charges, and miscellaneous receipts. The position of NII/TA during 2006-10 is depicted in the Table 5. It can be observed from Table 5, that the ratio has shown a declining trend from 1.113 in 2006 to 0.974 in 2010, with a downfall of 12 percent during 2006-10, which is detrimental to the profitability of the bank. The growth rate was high in IB (31.3 percent) and lowest in Allahabad bank (-49 percent) in the year 2007, while it was high in CBI (31.9 percent) and lowest in IOB (-34.1) in the year 2010. The bank-wise statistical analysis revealed that fifteen banks were having highest average than the PSBs' average (1.108 percent). This ratio in terms of dispersion is less consistent with IOB (31.034) and more consistent with SBP (5.319 percent). In terms of profitability indices of NII/TA, while SBI, IB, SBM, SBBJ, Dena Bank, Corporation Bank and SBH obtained the 'excellent' level performance, while Vijaya Bank, IOB, OBC, UBI, Syndicate Bank, UCO Bank, CBI and BOM showed the 'poor' performance level. Six banks came in 'good' category

Table 5 :Non Interest Income As Percentage of Total Assets (2006-2010)												
BANK	NII/TA (%)					Trend Base Growth Rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	1.1	0.56	1.03	1.17	1.25	-49	83.93	13.59	6.84	1.02	0.24	23.53
Andhra Bank	1.13	0.94	1.03	1.12	1.07	-17	9.574	8.738	-4.46	1.06	0.07	6.604
BOB	0.99	0.97	1.14	1.21	1.01	-2	17.53	6.14	-16.5	1.06	0.09	8.491
BOI	1.05	1.1	1.18	1.35	0.95	4.76	7.273	14.41	-29.6	1.13	0.13	11.5
BOM	0.57	0.68	0.58	0.85	0.83	19.3	-14.7	46.55	-2.35	0.7	0.12	17.14
Canara Bank	1.04	0.87	1.23	1.05	1.08	-16	41.38	-14.6	2.86	1.05	0.11	10.48
CBI	0.71	0.51	0.64	0.72	0.95	-28	25.49	12.5	31.9	0.71	0.14	19.72
Corporation Bank	1.41	1.21	1.05	1.27	1.06	-14	-13.2	20.95	-16.5	1.2	0.14	11.67
Dena Bank	1.73	1.24	1.15	0.89	1.02	-28	-7.26	-22.6	14.6	1.21	0.29	23.97
IB	1.12	1.47	1.51	1.23	1.16	31.3	2.721	-18.5	-5.69	1.3	0.16	12.31
IDBI Bank	1.45	0.99	1.25	0.86	0.98	-32	26.26	-31.2	14	1.11	0.21	18.92
IOB	0.91	0.47	0.79	1.32	0.87	-48	68.09	67.09	-34.1	0.87	0.27	31.03
OBC	0.94	0.82	0.68	0.95	0.87	-13	-17.1	39.71	-8.42	0.85	0.1	11.76
P&S BANK	NA	NA	1.03	0.99	0.73	NA	NA	-3.88	-26.3	0.92	0.13	14.13
PNB	0.88	1.07	1	1.18	1.2	21.6	-6.54	18	1.69	1.07	0.12	11.21
SBBJ	1.31	1.43	1.15	1.24	1.08	9.16	-19.6	7.826	-12.9	1.24	0.12	9.677
SBH	1.45	1.19	1.1	1	0.95	-18	-7.56	-9.09	-5	1.14	0.18	15.79
SBI	1.5	1.19	1.21	1.32	1.42	-21	1.681	9.091	7.58	1.33	0.12	9.023
SBM	1.79	1.3	1.28	1.19	0.94	-27	-1.54	-7.03	-21	1.3	0.28	21.54
SBT	1.1	0.96	0.99	1.16	0.89	-13	3.125	17.17	-23.3	1.02	0.1	9.804
State Bank of Patiala	NA	NA	1.01	0.91	0.89	NA	NA	-9.9	-2.2	0.94	0.05	5.319
Syndicate Bank	0.97	0.69	0.83	0.7	0.84	-29	20.29	-15.7	20	0.81	0.1	12.35
UBI	0.55	0.67	1.06	0.92	1.01	21.8	58.21	-13.2	9.78	0.84	0.2	23.81
UCO Bank	0.75	0.74	0.86	0.91	0.7	-1.3	16.22	5.814	-23.1	0.79	0.08	10.13
United Bank	1.35	0.83	0.87	0.79	0.73	-39	4.819	-9.2	-7.59	0.91	0.22	24.18
Vijaya Bank	0.9	0.65	0.78	1.12	0.97	-28	20	43.59	-13.4	0.88	0.16	18.18
PSBs Average	1.11	0.94	1.02	1.05	0.98	-13.14	13.3	6.78	-5.51	1.02	0.15	15.09
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

and five banks came in the 'fair' category.

✿ **B/TA:** This is the difference between non interest expenditure to total assets (NIE/TA) and Non interest income to total assets. The lesser the ratio, the better shall be the profitability. The B/TA position of PSBs is summarized in the

Table 6 : Burden As Percentage Of Total Assets (2006-2010)												
BANK	B/TA (%)					Trend Base Growth Rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	1.57	1.48	0.97	1.42	1.18	-5.73	-34.46	46.39	-16.9	1.32	0.22	16.67
Andhra Bank	1.68	1.85	1.49	1.42	1.27	10.12	-19.46	-4.7	-10.56	1.54	0.2	12.99
BOB	2.07	1.78	1.38	1.28	1.03	-14	-22.47	-7.25	-19.53	1.51	0.37	24.5
BOI	1.72	1.64	1.25	1.11	1.46	-4.65	-23.78	-11.2	31.53	1.44	0.23	15.97
BOM	2.55	2.11	1.87	1.49	1.21	-17.3	-11.37	-20.3	-18.79	1.85	0.47	25.41
Canara Bank	1.68	1.57	1.09	1.21	1	-6.55	-30.57	11.01	-17.36	1.31	0.27	20.61

CBI	2.84	2.13	1.35	1.13	0.81	-25	-36.62	-16.3	-28.32	1.65	0.74	44.85
Corporation Bank	1.93	1.46	1.06	0.92	0.93	-24.4	-27.4	-13.2	1.087	1.26	0.39	30.95
Dena Bank	2.45	2.08	1.38	1.32	1.02	-15.1	-33.65	-4.35	-22.73	1.65	0.53	32.12
IB	2.11	1.82	1.4	1.62	1.72	-13.7	-23.08	15.71	6.173	1.73	0.23	13.29
IDBI Bank	-0.21	0.03	-0.05	0.22	0.53	-114	-266.7	-540	140.9	0.1	0.25	250
IOB	2.16	1.89	1.45	1.27	1.88	-12.5	-23.28	-12.4	48.03	1.73	0.32	18.5
OBC	1.78	1.5	1.46	0.98	1.29	-15.7	-2.667	-32.9	31.63	1.4	0.26	18.57
P&S BANK	NA	NA	1.3	1.4	1.19	NA	NA	7.692	-15	1.3	0.09	6.923
PNB	2.22	2.26	1.75	1.6	1.56	1.802	-22.57	-8.57	-2.5	1.88	0.3	15.96
SBBJ	3.08	1.83	1.51	1.51	1.39	-40.6	-17.49	0	-7.947	1.86	0.63	33.87
SBH	1.64	1.47	0.9	1.11	1.17	-10.4	-38.78	23.33	5.405	1.26	0.26	20.63
SBI	2.27	1.86	1.42	1.21	1.38	-18.1	-23.66	-14.8	14.05	1.63	0.39	23.93
SBM	2.04	1.62	1.34	1.23	1.74	-20.6	-17.28	-8.21	41.46	1.59	0.29	18.24
SBT	2.19	1.75	1.41	1.37	1.2	-20.1	-19.43	-2.84	-12.41	1.58	0.35	22.15
State Bank of Patiala	NA	NA	0.81	0.85	1.29	NA	NA	4.938	51.76	0.98	0.22	22.45
Syndicate Bank	2.2	1.61	1.14	1.26	1.39	-26.8	-29.19	10.53	10.32	1.52	0.37	24.34
UBI	1.91	1.89	1.19	1.3	1.09	-1.05	-37.04	9.244	-16.15	1.48	0.35	23.65
UCO Bank	2.21	1.69	1.2	0.98	0.96	-23.5	-28.99	-18.3	-2.041	1.41	0.48	34.04
United Bank	2.44	2.11	1.41	1.58	1.38	-13.5	-33.18	12.06	-12.66	1.78	0.42	23.6
Vijaya Bank	2.68	1.75	1	1.38	1.34	-34.7	-42.86	38	-2.899	1.63	0.58	35.58
PSBs Average	2.05	1.72	1.25	1.24	1.25	-16.3	-27.19	-0.95	0.75	1.48	0.35	31.92
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

Table 6 . The B/TA in terms of profitability indices(Table 9 &Table 10) , revealed that two banks IDBI, SBP obtained the '*excellent*' level and six banks IB ,IOB ,United Bank, BOM, SBBJ and PNB showed the '*poor*' performance level. Eight banks came under '*good*' level of performance and ten banks came under the '*fair*' level.

✿ **OP/TA:** This ratio indicates the operating performance and capacity to earn the returns from the given investments, this ratio is also known as the '*net spread-to-total assets*', which is an indicator of operational efficiency of a bank. The OP/TA position of sample banks is depicted in Table 7 .

Table 7 :Operating Profit As Percentage of Total Assets (2006-2010)												
BANK	OP/TA(%)					Trend Base Growth Rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	1.85	1.63	1.78	1.95	2.09	-11.89	9.2	9.55	7.18	1.86	0.16	8.33
Andhra Bank	1.89	1.96	1.87	1.88	2	3.704	-4.59	0.53	6.38	1.92	0.05	2.66
BOB	1.69	1.69	1.69	1.89	1.77	0	0	11.8	-6.35	1.75	0.08	4.47
BOI	1.52	1.69	2.07	2.42	1.71	11.18	22.5	16.9	-29.3	1.88	0.32	17.2
BOM	1.17	1.57	1.4	1.34	1.15	34.19	-10.8	-4.29	-14.2	1.33	0.16	11.7
Canara Bank	1.97	1.75	1.64	1.8	1.91	-11.17	-6.29	9.76	6.11	1.81	0.12	6.45
CBI	1.6	1.36	1.02	0.97	1.13	-15	-25	-4.9	16.5	1.22	0.23	19.2
Corporation Bank	2.6	2.16	1.88	2.02	1.91	-16.92	-13	7.45	-5.45	2.11	0.26	12.4
Dena Bank	2.34	2.02	1.78	1.5	1.46	-13.68	-11.9	-15.7	-2.67	1.82	0.33	18.1
IB	1.88	2.42	2.35	2.45	2.71	28.72	-2.89	4.26	10.6	2.36	0.27	11.4
IDBI Bank	0.9	0.87	1.02	0.8	1.17	-3.333	17.2	-21.6	46.3	0.95	0.13	13.7
IOB	2.27	1.9	1.97	2.08	1.41	-16.3	3.68	5.58	-32.2	1.93	0.29	14.9
OBC	1.61	1.42	0.81	1.48	1.76	-11.8	-43	82.7	18.9	1.42	0.33	23

P&S BANK	NA	NA	1.75	1.74	1.55	NA	NA	-0.57	-10.9	1.68	0.09	5.48
PNB	2.01	2.23	2.01	2.33	2.47	10.95	-9.87	15.9	6.01	2.21	0.18	8.14
SBBJ	2.15	1.97	1.61	1.93	1.67	-8.372	-18.3	19.9	-13.5	1.87	0.2	10.7
SBH	2.14	2.05	1.61	1.7	1.94	-4.206	-21.5	5.59	14.1	1.89	0.2	10.8
SBI	2.29	1.77	1.82	1.86	1.74	-22.71	2.82	2.2	-6.45	1.9	0.2	10.6
SBM	2.26	1.76	1.72	1.61	2.06	-22.12	-2.27	-6.4	28	1.88	0.24	12.8
SBT	2.11	1.87	1.61	2.14	1.78	-11.37	-13.9	32.9	-16.8	1.9	0.2	10.6
State Bank of Patiala	NA	NA	1.32	1.39	1.72	NA	NA	5.3	23.7	1.48	0.17	11.8
Syndicate Bank	1.7	1.55	1.37	1.28	1.35	-8.824	-11.6	-6.57	5.47	1.45	0.15	10.6
UBI	1.65	1.95	2.08	1.91	1.88	18.18	6.67	-8.17	-1.57	1.89	0.14	7.39
UCO Bank	1.38	1.26	1.06	1.08	1.24	-8.696	-15.9	1.89	14.8	1.2	0.12	9.97
United Bank	1.95	1.72	0.87	1.09	1.14	-11.79	-49.4	25.3	4.59	1.35	0.41	30.3
Vijaya Bank	2.01	1.64	1.18	1.44	1.51	-18.41	-28	22	4.86	1.56	0.27	17.5
PSBs Average	1.87	1.76	1.59	1.7	1.7	-6.075	-9.7	6.75	0.34	1.72	0.2	12.3
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

It can be observed from the Table 7 that this ratio shows a declining trend from 1.873 percent in 2006 to 1.701 percent in 2010, with a downfall of 9.183 percent in the growth rate during 2006-10, which is not a good sign for banks' profitability. The growth rate was high in BOM (34.19 percent) and lowest with SBI (-22.71 percent) in the year 2007, while it was highest in IDBI (46.3 percent) and lowest in IOB (-32.2 percent). The bank-wise comparison revealed that sixteen banks had a higher average than the PSBs' average (1.715 percent). The bank-wise comparisons revealed that, sixteen banks had a higher average than the PSBs. In case of dispersion, Andhra Bank is more consistent and United Bank Of India was less consistent.

Table 8 : Net Profit As Percentage of Total Assets (2006-2010)												
BANK	NP/TA (%)					Trend Base Growth Rate				Statistical Measures		
	2006	2007	2008	2009	2010	2007	2008	2009	2010	Mean	S.D	C.V
Allahabad Bank	1.28	1.11	1.18	0.79	0.99	-13.28	6.31	-33.05	25.32	1.07	0.17	15.89
Andhra Bank	1.19	1.13	1.02	0.95	1.16	-5.042	-9.7	-6.863	22.11	1.09	0.09	8.257
BOB	0.73	0.72	0.8	0.98	1.1	-1.37	11.1	22.5	12.24	0.87	0.15	17.24
BOI	0.62	0.79	1.12	1.33	0.63	27.42	41.8	18.75	-52.63	0.9	0.28	31.11
BOM	0.16	0.7	0.68	0.64	0.62	337.5	-2.9	-5.882	-3.125	0.56	0.2	35.71
Canara Bank	1.01	0.86	0.87	0.94	1.14	-14.85	1.16	8.046	21.28	0.96	0.1	10.42
CBI	0.34	0.54	0.44	0.39	0.58	58.82	-19	-11.36	48.72	0.46	0.09	19.57
Corporation Bank	1.1	1.02	1.1	1.03	1.05	-7.273	7.84	-6.364	1.942	1.06	0.03	2.83
Dena Bank	0.27	0.64	0.93	0.87	0.89	137	45.3	-6.452	2.299	0.72	0.25	34.72
IB	1.06	1.35	1.43	1.48	1.53	27.36	5.93	3.497	3.378	1.37	0.17	12.41
IDBI Bank	0.63	0.61	0.56	0.5	0.44	-3.175	-8.2	-10.71	-12	0.55	0.07	12.73
IOB	1.32	1.23	1.18	1.1	0.54	-6.818	-4.1	-6.78	-50.91	1.07	0.28	26.17
OBC	0.95	0.79	0.39	0.79	0.83	-16.84	-51	102.6	5.063	0.75	0.19	25.33
P&S BANK	NA	NA	1.24	1.04	0.9	NA	NA	-16.13	-13.46	1.06	0.14	13.21
PNB	0.99	0.95	1.03	1.25	1.32	-4.04	8.42	21.36	5.6	1.11	0.15	13.51
SBBJ	0.53	0.89	0.77	0.87	0.84	67.92	-13	12.99	-3.448	0.78	0.13	16.67
SBH	1.05	1.03	0.9	0.8	0.93	-1.905	-13	-11.11	16.25	0.94	0.09	9.574
SBI	0.89	0.8	0.93	0.95	0.87	-10.11	16.3	2.151	-8.421	0.89	0.05	5.618
SBM	1.12	0.93	0.96	0.83	0.98	-16.96	3.23	-13.54	18.07	0.96	0.09	9.375

SBT	0.69	0.86	0.88	1.23	1.15	24.64	2.33	39.77	-6.504	0.96	0.2	20.83
State Bank of Patiala	NA	NA	0.7	0.76	0.72	NA	NA	8.571	-5.263	0.73	0.02	2.74
Syndicate Bank	0.88	0.8	0.79	0.7	0.58	-9.091	-1.3	-11.39	-17.14	0.75	0.1	13.33
UBI	0.76	0.82	1.12	1.07	1.06	7.895	36.6	-4.464	-0.935	0.97	0.15	15.46
UCO Bank	0.32	0.42	0.46	0.5	0.74	31.25	9.52	8.696	48	0.49	0.14	28.57
United Bank	0.62	0.64	0.27	0.3	0.42	3.226	-58	11.11	40	0.45	0.16	35.56
Vijaya Bank	0.4	0.78	0.64	0.42	0.72	95	-18	-34.38	71.43	0.59	0.16	27.12
PSBs Average	0.79	0.85	0.86	0.87	0.87	7.93	1.26	0.54	0.98	0.85	0.14	17.84
Source: Secondary data available in Ace Analyzer database compiled through MS Excel												

Table 9 : Indices Of Profitability Parameters Of Public Sector Banks								
BANK	IE/TA	IP/TA	SPR/TA	NIE/TA	NII/TA	B/TA	OP/TA	NP/TA
Allahabad Bank	1.012	1.01	1.03	0.94	1	0.89	1.08	1.26
Andhra Bank	1.012	0.96	1.133	1.04	1.04	1.04	1.12	1.28
BOB	0.893	0.83	1.0172	1.03	1.04	1.02	1.02	1.02
BOI	0.934	0.9	1	1.03	1.11	0.97	1.09	1.06
BOM	1.007	0.99	1.0343	1.02	0.69	1.25	0.77	0.66
Canara Bank	1.016	1.04	0.9742	0.95	1.03	0.89	1.05	1.13
CBI	0.957	0.98	0.9056	0.95	0.7	1.11	0.71	0.54
Corporation Bank	0.932	0.9	0.9957	0.99	1.18	0.85	1.23	1.25
Dena Bank	0.969	0.95	1.0172	1.15	1.19	1.11	1.06	0.85
IB	1.06	0.93	1.3348	1.22	1.27	1.17	1.37	1.61
IDBI Bank	0.887	1.18	0.279	0.49	1.09	0.07	0.55	0.65
IOB	1.071	1.01	1.2017	1.04	0.85	1.17	1.12	1.26
OBC	1.036	1.09	0.9227	0.9	0.83	0.95	0.82	0.88
P&S BANK	1.029	1.04	1.0129	0.89	0.9	0.88	0.98	1.25
PNB	1.005	0.87	1.2833	1.18	1.05	1.27	1.28	1.31
SBBJ	1.04	0.99	1.1373	1.25	1.22	1.26	1.08	0.92
SBH	0.994	1.02	0.9442	0.96	1.12	0.85	1.1	1.11
SBI	0.955	0.89	1.0815	1.19	1.3	1.1	1.1	1.05
SBM	1.04	1.01	1.0987	1.16	1.27	1.07	1.09	1.13
SBT	1.063	1.04	1.103	1.04	1	1.07	1.11	1.13
State Bank of Patiala	1.101	1.28	0.7339	0.77	0.92	0.66	0.86	0.86
Syndicate Bank	0.993	1	0.9742	0.94	0.79	1.03	0.84	0.88
UBI	0.995	0.97	1.0472	0.93	0.82	1	1.1	1.14
UCO Bank	0.997	1.09	0.8155	0.88	0.77	0.95	0.7	0.58
United Bank	0.963	0.97	0.9571	1.08	0.89	1.2	0.79	0.53
Vijaya Bank	1.038	1.08	0.9571	1.01	0.86	1.1	0.9	0.69
Source: Authors' own calculation								

In terms of profitability indices, as indicated in Table 9&10, it is observed that three banks IB, PNB, and Corporation Bank obtained the '*excellent*' level and six banks, SBP, Syndicate Bank, OBC, United Bank, BOM, CBI, UCO Bank and IDBI witnessed the '*poor*' performance level. Thirteen banks came in the '*good*' category and two banks came under the '*fair*' level of performance.

✿ **NP/TA:** This ratio is also known as return on assets, and is the indicator of an excellent utilization of resources. Table

Table 10: Profitability Performance Levels of Public Sector banks (for the period 2006-2010)								
Performance level	IE/TA	IP/TA	SPR/TA	NIE/TA	NII/TA	B/TA	OP/TA	NP/TA
Excellent	SBP, IOB, SBT, IB, SBBJ, SBM, Vijaya Bank, OBC	BOB, PNB, SBI BOI, Corporation Bank, IB	IB, PNB, IOB, SBBJ, AB	IDBI, SBP, UCO Bank, P&S Bank	SBI, IB, SBM, SBBJ, Dena Bank, Corporation Bank, SBH	IDBI, SBP	IB, PNB Corporation Bank	IB, PNB, AB, Allahabad Bank, IOB, Corporation bank, P&S Bank
Good	P&S Bank, Canara Bank, Allahabad bank, AB, BOM, PNB	Dena Bank, AB, United Bank, UBI, CBI, BOM, SBBJ	SBT, SBM, SBI, UBI, BOM, Allahabad Bank, BOB, Dena Bank, P&S Bank	OBC, UBI, Allahabad Bank, Syndicate bank, Canara Bank, CBI, SBH, Corporation Bank	BOI, IDBI, PNB, AB, BOB, Canara Bank	Corporation Bank, SBH, P&S Bank, Allahabad Bank, Canara bank, OBC, UCO Bank, BOI	AB, IOB, SBT, SBH, SBI, UBI, BOI, SBM, Allahabad Bank, SBBJ, Dena Bank, Canara Bank, BOB	UBI, Canara Bank, SBM, SBT, SBH, BOI, SBI, BOB
Fair	UCO Bank, UBI, SBH, Syndicate Bank, Dena Bank	Syndicate Bank, Allahabad Bank, IOB, SBM, SBH, Canara Bank, P&S Bank, SBT	BOI, Corporation Bank, Canara Bank, Syndicate Bank, United Bank, Vijaya Bank, SBH, OBC, CBI	Vijaya Bank, BOM, BOB, BOI, AB, IOB, SBT, United Bank	Allahabad Bank, SBT, SBP, P&S bank, United Bank	UBI, BOB, Syndicate Bank, AB, SBM, SBT, SBI, Vijaya Bank, CBI, Dena Bank	P&S Bank, Vijaya Bank	SBBJ, OBC, SB, SBP, Dena Bank
Poor	United Bank, CBI, SBI, BOI, Corporation Bank, BOB, IDBI	Vijaya Bank, UCO Bank, OBC, IDBI, SBP	UCO Bank, SBP, IDBI	Dena Bank, SBM, PNB, SBI, IB, SBBJ	Vijaya Bank, IOB, OBC, UBI, Syndicate Bank, UCO Bank, CBI, BOM	IB, IOB, United Bank, BOM, SBBJ, PNB	SBP, Syndicate Bank, OBC, United Bank, BOM, CBI, UCO Bank	Vijaya bank, BOM, IDBI, UCO Bank, CBI, United Bank, IDBI
*Refer to Exhibit 1								

Exhibit 1 : Abbreviations of the Bank Names Used In The Study

ABB.	Name Of Bank	ABB.	Name Of Bank
AB	Andhra Bank	PNB	Punjab National Bank
BOB	Bank Of Baroda	SBBJ	State Bank Of Bikaner And Jaipur
BOI	Bank Of India	SBH	State Bank Of Hyderabad
BOM	Bank Of Maharashtra	SBI	State Bank Of India
CBI	Central Bank Of India	SBM	State Bank Of Mysore
IB	Indian Bank	SBT	State Bank Of Travancore
IOB	Indian Overseas Bank	SBP	State Bank Of Patiala
OBC	Oriental Bank Of Commerce	UBI	Union Bank Of India
P&S Bank	Punjab & Sind Bank	PSB	Public Sector Banks

8 shows the NP/TA position of PSB, which has an uptrend of 0.788 in 2007 to 0.874 in 2010, with a growth rate of 10.91 percent during 2006-10, which is a better sign for the profitability of the PSBs. The growth rate was highest in BOM and lowest in SBM in the year 2007, whereas, in 2010, it was highest in Vijaya Bank and lowest in BOI. The

bank wise comparison revealed that 15 banks obtained the higher average than the PSBs' average. In terms of dispersion, SBP is more consistent and United Bank of India was less consistent.

In terms of profitability indices, as indicated in table 9 and 10, it can be observed that seven banks IB, PNB, AB, Allahabad bank, IOB, Corporation Bank and P&S Bank obtained the '*excellent*' level of performance and six banks namely Vijaya Bank, BOM, IDBI, UCO Bank, CBI and United Bank showed the '*poor*' level of performance, eight banks came under the '*good*' performance level and five banks came under the '*fair*' performance level.

CONCLUSION

Economic development of any country is mainly influenced by the growth of the banking industry in that country. The present study has been conducted to examine the financial performance of all public sector banks in India using profitability indices. The study revealed that :

- ✿ The ratios spread as percentage of total assets, non interest income as percentage of total assets and operating profit as percentage of total assets have recorded a downfall leading to a decrease in the profitability of public sector banks.
- ✿ The decrease in the ratios, non interest income as percentage of total assets, burden as percentage of total assets leads to an increase in the profitability of the public sector banks.
- ✿ The increase in interest earned as a percentage of total assets and net profit as percentage of total assets is a better sign for the profitability the public sector banks. The growth rate of interest paid as percentage of total assets increased by 23.18 percent, which is detrimental to the profitability of public sector banks.
- ✿ On the basis of overall profitability indices, Indian Bank, Corporation Bank, Punjab National Bank, Andhra Bank, Allahabad Bank and Indian Overseas Bank showed '*excellent*' level of performance, whereas, State Bank of Mysore, Union Bank of India, Punjab & Sind Bank, State Bank of Travancore, State Bank of Hyderabad, State Bank of India, Bank of India, Canara Bank, State Bank of Bikaner & Jaipur, Bank of Baroda and State Bank of Patiala came in the category of '*good*' performers. Furthermore, while Dena Bank, Oriental Bank Of Commerce, Syndicate Bank and Vijaya Bank were '*fair*' performers; while IDBI, Bank Of Maharashtra, UCO Bank, Central Bank Of India and United Bank Of India were '*poor*' performers.

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