



PERFORMANCE EVALUATION OF PUBLIC SECTOR BANKS – A COMPARATIVE STUDY ON SELECT FINANCIAL INDICATORS

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Abstract

The public sector banks have pivotal role in the financial inclusion as well as development of economy. over the years, the public sector banks have been providing a significant role in terms of providing access to financial services, contribution to MSMEs and large enterprises, assistance to SHGs and support to execution of government schemes as intermediary. In view of the importance of the importance of public sector banks to the economy, the present paper is an attempt to critically examine the select public sector banks and comparison of financial performance on the basis of financial indicators. The study is based on secondary data soruces extracted from annual reports of three select public sector banks.

Key words: *Advances, deposits, net profit, RBI, shareholding.*

1. Introduction

Public Sector Banks (PSBs) are a major type of government owned banks in India, where a majority stake (i.e., more than 50%) is held by the Ministry of Finance of the Government of India or State Ministry of Finance of various State Governments of India. **Government Banks or Public Sector Banks** are the banks that are **owned by the Government** of the day. In such banks, the Government of the country is the major shareholder with possession of more than **51%** share of the bank.

Banks are a major part of the Indian Economy. These are the place where all transactions legitimately take place. India's economy is managed by the Finance Ministry along with the Reserve Bank of India. Following this, there are 3 categories of banks, namely, **Public or Government banks, Private banks, Foreign or International banks.**

2. Shareholding distribution of Public sector banks

The government shareholding in the 12 public sector banks is presented here. As on 30th June, 2021. As per the reports of respective public sector banks, Punjab and Sind Bank has highest shareholding followed by Indian Overseas Bank with 96.4 percent of shareholding. Least shareholding is held b State Bank of India with 55 percent shareholding.

Table-1, Shareholding of public sector banks

Sl.No.	Name of Public Sector Bank	Share holding
1.	Punjab and Sind Bank	98.07
2.	Indian Overseas Bank	96.40
3.	UCO Bank	95.39
4.	Bank of Maharashtra	93.3
5.	Cental Bak of India	93.08
6.	Union Bank of India	83.5
7.	Bank of India	81.41



8.	Punab National Bank	73.1
9.	Canara bank	69.3
10.	Indian Bank	78.86%
11.	Bank of Baroda	64%
12.	State Bank of India	55%

Source: Annual reports of select public sector banks

The following is the list of public sector banks which have been revised by RBI through mergers of select public sector banks.

Table-3, Branch network of Public Sector Banks

List of PSU Banks	Number of Branches	Number of ATMs	Headquarter
State Bank of India (SBI)	24000	58559	Mumbai
Punjab National Bank (With Merger of Oriental Bank of Commerce and United Bank of India)	11437	8985	New Delhi
Bank of Baroda (With Merger of Dena Bank & Vijaya Bank)	8581	10318	Vadodara
Canara Bank (With Merger of Syndicate Bank)	10391	12829	Bengaluru
Union Bank of India (With Merger of Andhra Bank and Corporation Bank)	9500	13300	Mumbai
Bank of India	5825	5000	Mumbai
Indian Bank (With Merger of Allahabad Bank)	6000+	6104	Chennai
Central Bank of India	2876	4666	Mumbai
Indian Overseas Bank	2995	3400	Chennai
UCO Bank	2377	4000	Kolkata
Bank of Maharashtra	1860	1897	Pune
Punjab & Sindh Bank	1045	1554	New Delhi

Source: Annual reports of select public sector banks

3. Performance Analysis of State Bank of India

State Bank of India was incorporated on 01 July 1955. The Government o...As of 2019-20,¹ the SBI has a total manpower of 2 lakh and maintains 23% share of female employees. The SBI has promoters shareholding owned 56.92 percent by Government of India, 10.94% by FIIs, 10.63 percent by banks & insurance companies, 13.72% by Mutual funds & UTI and 7.79% by others.

As per the annual report of 2019-2020², SBI owns 44.89 crore customers and holds 22.84% deposits of market share as deposits, 19.69 percent market share under advances. The total number of branches in India is 22141 with 58555 ATMs and service facilities, 61102 BC outlets, 91 percent share of transactions on alternative channels. The SBI has achieved 15.53 crore accounts under financial inclusion. The bank has its headquarters located in Mumbai. SBI has set its vision to “be the bank of choice for a transforming India”. To achieve its vision, the bank has set its mission to provide simple responsive and innovative financial solutions through value-based service, ethical banking principles, politeness in approach and sustainability.

¹SBI Annual Report, 2019-2020.

²SBI Annual report, 2019-2020.



As per the annual report of SBI, 2019-20, the SBI has been providing the services in the following areas.

- a. Personal Banking Services: These include personalized services to the customers including salary products, digital loan offerings, NRI Businesses, wealth management services and other services. As of now 36 lakh customers have availed Home loans from SBI. In order to provide personal banking services the bank has expanded its branch network from 14097 to 22219 branches.
- b. SME Banking: Through these services, the Small and Medium Enterprises have been benefited with the loan facility provided by SBI. As of 2019-20, a total of Rs.267614 crore loans were offered to SME in the form of advances.
- c. International banking Services: The bank has expanded its international operations to many countries. The bank has its branches in major countries where the density of Indians is high. As of 2019-20 statistics, the bank has 233 offices presented in different countries. The number of foreign branch offices has increased from 173 to 229 offices.
- d. Rural Banking Services: The bank has been catering the services to various groups who have not having the access to financial services. Under Financial inclusion initiative, the bank has been offering zero balance accounts, SHG accounts and other micro credit, agricultural loan based accounts. As of 2019-20 statistics, the bank has catered 1.42 crore Indians.
- e. Government Banking services: The bank has been providing tremendous support to government needs. Both state governments and central government have benefited with the association of SBI. As per 2019-20 annual report, the total government business turnover reached to Rs.5262643 crore.
- f. Corporate Banking: Under this form of services, the bank has initiated one stop corporate banking services and the bank has developed various financial products and services to cater the needs of corporate. The bank has sponsored Rs.8,44,215 crore advances in the form of corporate advances.
- g. Investments: The bank has recorded return on equity of 27.40 percentages. Bank has highest track record of providing loans and other benefits to its customers.
- h. Table-3 presents the brief profile of State Bank of India.

Table-3, Glance on Profile of State Bank of India

Sl.No.	Particulars	Value
1.	Customers	45.92 crore
2.	Market share in the form of deposits	23.29%
3.	Market share in the form of Advances	19.77%
4.	Total Branches	22,219
5.	BC Outlets	71,968
6.	Market share in no. of POS	13.19%
7.	Share of Transactions on Alternative channels	93%
8.	Market share in Debit Card spends	29.23%
9.	Financial inclusion accounts	16.23 crore
10.	Financial inclusion transaction amount	Rs.252470 crore
11.	Presence of ATMs and ADWMs	62617
12.	Financial inclusion transactions through BC channel	58.78 crore

Source: SBI Annual report, 2020-21



The bank has been serving over 45.92 crore customers as per the 2020-21 statistics. The market share of deposits has increased to 23.2 percent and market share of advances have reached to 19.77 percent. The branches of the bank as of 2020-21 statistics are 22219 branches and further, the bank has been maintaining Bank Correspondence outlets at 71968 locations.

The share of transactions on alternative channels has increased to 93 percent. The market share in debit card spends has increased to 29.23 percent. The bank has been serving banking access to Rs.16.23 crore people and has transaction amount valued at Rs.252470 crore. The bank has highest number of ATM coverage in India with a value of 62617 ATMs and ADWMs located across the country. Through Bank Correspondence channel, the bank has provided the financial transaction value equalling to 58.78 crore people.

4. Analysis on Financial Performance of the State Bank of India

The analysis on total assets and net profit of the SBI for the study period 2011-12 to 2020-21 is presented in table-4. The total assets have increased from Rs.1335519 crore to Rs.4534430 crore. The net profit of the SBIs has increased from Rs.11707 crore to Rs.20410 crore. Highest net profit is recorded during 2020-21 with a value of Rs.20410 crore net profits and the least value of net profit, a loss value of Rs.6457 crore.

The advances of the SBI have increased from Rs.865579 crore during 2011-12 to Rs.2449498 crore during 2020-21. The deposits of the SBI have increased from Rs.1043647 crore During 2011-12 to Rs.3681277 crore during 2020-21. The investment s has increased from Rs.312198 crore during 2011-12 to Rs.1351705 crore during 2020-21.

The year wise compound annual growth rate is computed for the study period in between 2011-12 to 2020-21. The total assets of the SBI have recorded 13 percent of Compound Annual Growth rate in the study period of 10 years. In the select study period of study, the net profit of the SBI has recorded 5.71 percent compound annual growth rate.

The advances of the SBI have recorded 10.965 percent Compound Annual Growth rate. The deposits have reached 13.43 percent Compound Annual Growth rate. The investments of the SBI have reached 15.78 percent Compound Annual Growth rate.

Table-4, Financial performance of State Bank of India (Value in Crore rupees)

Year	Total Assets	Net Profit	Advances	Deposits	Investments
2011-12	1335519	11707	865579	1043647	312198
2012-13	1566211	14105	1045617	1202740	350878
2013-14	1792748	10891	1209829	1394409	398800
2014-15	2048080	13102	1300026	1576793	481759
2015-16	2357617	9951	1463700	1730722	575652
2016-17	2705966	10484	1571078	2044751	765990
2017-18	3454752	-6547	1934880	2706344	1060987



2018-19	3680914	862	2185877	2911386	967022
2019-20	3951394	14488	2325290	3241621	1046954
2020-21	4534430	20410	2449498	3681277	1351705
Average	2742763.1	9945.3	1635137.4	2153369	731194.5
CAGR	13.00	5.71	10.96	13.43	15.78

Source: Annual reports of SBI, 2020-21.

5. Profile of Union Bank of India

Union Bank of India is one of the leading public sector banks of the country. The Bank is a listed entity and the Government of India holds **83.50** percent in Bank's total share capital. The Bank, having its headquarters at Mumbai (India), was registered on November 11, 1919 as a limited company. Recently, Andhra Bank and Corporation Bank were amalgamated into Union Bank of India with effect from 01.04.2020. Today, it has a network of **9200+** domestic branches, **11600+** ATMs, **8216 BC Points** serving over 120 million customers with **76000+** employees. The Bank's total business as of **30th September 2021** stood at Rs.**15,48,605** crore, comprising Rs. **9,14,022** crore of deposits and Rs. **6,34,583** crores of advances as of 30th September 2021. The Bank also has 3 branches overseas at Hong Kong, Dubai International Financial Centre (UAE) & Sydney (Australia); 1 representative office in Abu Dhabi (UAE); 1 banking subsidiary at London (UK); 1 banking joint venture in Malaysia; **4** para-banking subsidiaries (**domestic**); 3 joint ventures (including 2 in life insurance business) and **1 associate - Chaitanya Godavari Gramin Bank**. Union Bank of India is the first large public sector bank in the country to have implemented 100% core banking solution. The Bank has received several awards and recognition for its prowess in technology, digital banking, financial inclusion, MSME and development of human resources.

6. Analysis on performance of Union Bank of India

The analysis on total assets and net profit of the Union Bank of India for the study period 2011-12 to 2020-21 is presented in table-5. The total assets have increased from Rs.262211.44 crore to Rs.1071705.84 crore. The net profit of the Union Bank of India has increased from Rs.1787.14 crore to Rs.2905.97 crore. Highest net profit is recorded during 2020-21 with a value of Rs.2905.97 crore net profits and the least value of net profit, a loss value of Rs.5247.37crore recording during 2017-18.

The advances of the Union Bank of India have increased from Rs.177882.08 crore during 2011-12 to Rs.590982.88 crore during 2020-21. The deposits of the Union Bank of India have increased from Rs.222868.95crore During 2011-12 to Rs.923805.34 crore during 2020-21. The investment s has increased from Rs.62363.56 crore during 2011-12 to Rs.331511.79 crore during 2020-21.

The year wise compound annual growth rate is computed for the study period in between 2011-12 to 2020-21. The total assets of the Union Bank of India have recorded 28.09 percent of Compound Annual Growth rate in the study period of 10 years. In the select study period of study, the net profit of the Union Bank of India has recorded4.98 percent compound annual growth rate.

The advances of the Union Bank of India have recorded 12.75 percent Compound Annual Growth rate. The deposits have reached 15.37 percent Compound Annual Growth rate. The investments of the Union Bank of India have reached 18.18 percent Compound Annual Growth rate.



Table-5, Financial performance of Union Bank of India (Value in Crore rupees)

Year	Total Assets	Net Profit	Advances	Deposits	Investments
2011-12	262211.44	1787.14	177882.08	222868.95	62363.56
2012-13	311860.81	2157.93	208102.19	263761.57	80830.45
2013-14	353780.90	1696.20	229104.43	297675.64	93723.18
2014-15	381615.93	1781.64	255654.57	316869.92	94092.98
2015-16	404695.90	1351.60	267354.00	342720.01	89208.35
2016-17	452704.44	555.21	286466.58	378391.58	112148.96
2017-18	487406.00	-5247.37	288760.58	408501.64	123780.12
2018-19	494038.84	-2947.45	296932.15	415915.7	126046.64
2019-20	550683.27	-2897.78	315049.41	450668.45	152413.90
2020-21	1071705.84	2905.97	590982.88	923805.34	331511.79
Average	477070.34	114.31	291628.89	402117.88	126611.99
CAGR	28.09%	4.98%	12.75%	15.37%	18.18%

Source: Annual reports of Union Bank of India, 2011-12 to 2020-21.

7. Profile of Canara Bank

Widely known for customer centricity, Canara Bank was founded by Shri Ammembal Subba Rao Pai, a great visionary and philanthropist, in July 1906, at Mangalore, then a small port town in Karnataka. The Bank has gone through the various phases of its growth trajectory over hundred years of its existence. Growth of Canara Bank was phenomenal, especially after nationalization in the year 1969, attaining the status of a national level player in terms of geographical reach and clientele segments. Eighties was characterized by business diversification for the Bank. In June 2006, the Bank completed a century of operation in the Indian banking industry. The bank has a network of 6640 branches with more than 10000 ATMs operating throughout the country. The bank has also extended its services to other countries such as Newyork, Tanzania, Dubai, South Africa, Bahrain, Doha, Hongkong, London and Shangai. The bank has extended its business to other areas. Presently, the bank has been sponsoring 2 regional rural banks. These are located in Karnataka and Kerala.

The RRBs sponsored are Pragathi Krishna Gramin Bank and Kerala Gramin Bank. The Equity share holding³ of the company has reached to Rs.1030.23 crore during 2019-2020. The reserves and surplus of the bank has reached to Rs.40175.72 crore. The total assets of the bank has reached Rs.741440.27 crore and the advances of the bank has reached to Rs.432,403.38 crore.

8. Analysis on Performance of Canara Bank

The analysis on total assets and net profit of the Canara Bank for the study period 2011-12 to 2020-21 is presented in table-6. The total assets have increased from Rs.374160.19 crore to Rs.1153675.03 crore. The net profit of the Canara Banks has decreased from Rs.3282.71 crore to Rs.2557.58 crore.

³Canara Bank Annual Report, 2019-20.



Highest net profit is recorded during 2011-12 study period with a value of Rs.3282.71 crore net profits and the least value of net profit, a loss value of Rs.6971.14 crore recorded during 2017-18.

The advances of the Canara Bank have increased from Rs.327053.73 crore during 2011-12 to Rs.639048.99 crore during 2020-21. The deposits of the Canara Bank have increased from Rs.327053.73 crore during 2011-12 to Rs.1010874.58 crore during 2020-21. The investments have increased from Rs.102057.43 crore during 2011-12 to Rs.261690.39 crore during 2020-21.

The year wise compound annual growth rate is computed for the study period in between 2011-12 to 2020-21. The total assets of the Canara Bank have recorded 11.91 percent of Compound Annual Growth rate in the study period of 10 years. In the select study period of study, the net profit of the Canara Bank has recorded a negative compound annual growth rate value equals of 2.46 percent has been observed during the study period of study.

The advances of the Canara Bank have recorded 10.64 percent Compound Annual Growth rate. The deposits have reached 11.94 percent Compound Annual Growth rate. The investments of the Canara Bank have reached 9.87 percent Compound Annual Growth rate.

Table-6, Financial performance of Canara Bank (Value in Crore rupees)

Source: Annual reports of Canara Bank, 2011-12 to 2020-21.

Year	Total Assets	Net Profit	Advances	Deposits	Investments
2011-12	374160.19	3282.71	232489.82	327053.73	102057.43
2012-13	412342.61	2872.10	242176.62	355855.99	121132.83
2013-14	491921.85	2438.19	301067.48	420722.82	126828.26
2014-15	548000.56	2702.62	330035.51	473840.10	145346.18
2015-16	552960.78	-2812.82	324714.82	479791.56	142309.30
2016-17	583519.44	1121.92	342008.76	495275.24	150265.89
2017-18	616886.10	-6971.14	381702.99	524771.86	144053.67
2018-19	694766.69	347.02	427727.27	599033.27	152985.30
2019-20	723874.75	-2235.72	432175.20	625351.17	176244.94
2020-21	1153675.03	2557.58	639048.99	1010874.58	261690.39
Average	615210.8	330.25	365314.75	531257.03	152291.42
CAGR	11.91%	-2.46%	10.64%	11.94%	9.87%



9. Conclusions

The compound annual growth rate for the 4 select parameters is compared among the three select banks. These include total assets, net profit, advances, deposits and investments. The study period in between 2011-12 to 2020-21 is considered for the analysis. A total of 10 years study period is taken into consideration. With regard to Total assets, the Union Bank has recorded highest total assets with a CAGR of 28.09 percent followed by SBI with 13.01 percent and Canara Bank with 11.91 percent. The Net profit of banks shows that State Bank of India has recorded Compound Annual Growth rate of 5.71 percent which is highest among the select public sector banks. The Union Bank of India has recorded 4.98 percent CAGR and Canara Bank has recorded -2.46 percent CAGR. With regard to advances, the Union Bank of India has recorded highest Compound Annual Growth in advances which is recorded as 12.75 percent followed by State bank of India with 10.96 percent and Canara Bank with 10.64 percent. The Deposits of banks show that Union Bank of India has recorded Compound Annual Growth rate of 15.37 percent which is highest among the select public sector banks. The State Bank of India has recorded 13.43 percent CAGR and Canara Bank has recorded 11.94 percent CAGR. With regard to Investments, the Union Bank of India has recorded highest Compound Annual Growth in investments which is recorded as 18.18 percent followed by State bank of India with 15.78 percent and Canara Bank with 109.87 percent.

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