



## Comparative analysis of new-generation private sector banks in India

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### Abstract

The banking sector plays a crucial role in the economic development of any country by facilitating financial transactions, credit allocation, and economic stability. In India, private sector banks have emerged as key players in driving financial growth, offering competitive services, and adopting innovative banking practices. This study provides a comparative analysis of new-generation private sector banks in India, evaluating their financial performance over the period from 2022 to 2024. The research examines key financial metrics such as deposits, investments, advances, total assets, total income, expenditures, and net profit. Additionally, it analyzes important banking ratios, including the credit-deposit ratio, return on assets (ROA), investment-deposit ratio, and capital adequacy ratio. The study relies on secondary data sourced from annual reports of Selected Banks, financial statements, and publications from the Reserve Bank of India. A sample of ten private banks, including HDFC Bank, ICICI Bank, Axis Bank, and YES Bank, was selected using a simple random sampling method. Findings indicate that HDFC Bank has consistently demonstrated strong financial stability and profitability, while ICICI Bank and Axis Bank have shown steady growth. YES Bank, despite facing financial challenges in the past, is exhibiting signs of recovery. This study highlights the evolving financial landscape of India's private banking sector and provides valuable insights for investors and stakeholders in making informed financial decisions.

**Keywords:** Banking sector, financial performance, private banks, investment analysis, capital adequacy ratio, return on assets, credit deposit ratio

### Introduction

Banks are essential to the Indian economy as they manage finances, including cash and credit. Their primary role is to accept deposits and provide loans for short- and long-term needs. Over time, India's banking sector has transitioned from being heavily regulated to operating in a deregulated market. Despite this progress, challenges like mergers and bankruptcies persist. The Reserve Bank of India (RBI), established in 1935, regulates the banking sector.

In 2019, ten private sector banks were merged into four major ones, leaving India with ten public and ten private sector banks. Banks significantly influence the country's economic growth, and evaluating their financial performance is crucial for management and stakeholders alike. This study focuses on analysing the financial performance of ten private banks in India, offering insights to help investors make informed decisions.

The banks which were not nationalized at the time of bank nationalization that took place during 1969 and 1980 are classified as old private sector banks in India. These old private sector banks are operating in India for a longer period. Karnataka Bank, Jammu and Kashmir Bank, City Union Bank, South Indian Bank, etc. are old private sector banks. The new generation private sector banks were formed after 1991. With the launch of new economic policy in 1991, the private sector was allowed to enter India on a large scale and after which many private banking companies entered India. Also, there was an amendment to the Banking Regulation Act in 1993. Banks were allowed to operate under the following conditions:

- The minimum net worth should be of Rs. 100 crores.
- One-fourth (25%) of the paid-up capital should be considered as promoter holding.
- The public offering should be made within three years of starting the operation.

Currently, there are ten new generation private sector banks in India. These are ICICI Bank, Axis Bank, Bandhan Bank, Yes Bank, HDFC Bank, IndusInd Bank, Kotak Mahindra Bank, DCB Bank, IDFC Bank and IDBI Bank.

### Literature Review

Dr. C. Paramasivan and G. Ravichandiran (2019)<sup>[1]</sup> Banking is one of the major components of the financial system of the country. Erni Masdupi and Debby Andesfa (2018)<sup>[2]</sup> The impact of financial ratios on commercial banks' profitability serves as the driving force behind this research. 26 journal publications from 2000 to 2017 and a few months of 2012 are covered in the review. Mehmet Sabri Topak, Nimet Hülya TALU (2016)<sup>[3]</sup> the author stated that ROA and ROE are positively impacted by the ratios of net fees and the commissions to total expenses and interest on loans to interest on deposits. A.K. Aggarwal (2021)<sup>[4]</sup> A few financial measures are more relevant than others because banks have certain characteristics. A bank receives interest on the money it lends and must pay interest on the money it borrows. Investors should thus evaluate the difference between interest income by the bank and interest expended, which results in NII (Net Interest Income). Investors should carefully examine total deposits, total advances, and net interest margins. A bank is deemed secure if it maintains a low ADR (Advance-Deposit Ratio). Güven Sayilgan, Onur Yildirim (2009) The authors using monthly data and the aggregate balance sheet of the banks, used in this article to investigate that the factors that determine return on assets (ROA) and return on equity (ROE). Haralayya and Aithal (2021) examined the performance of 18 public sector banks. Kavita Chavali and Kishan R. (2012) analysed the performance and profitability of private sector Banks. Goyal and Kaur (2008)<sup>[5]</sup> analyzed the performance of seven new private sector banks for the years 2001-07. Brigham and

Ehrhardt (2010) [6] in his study “A Comparative Analysis of the Financial Ratios of Selected Banks in India” the researcher analyzed that the financial ratios are designed to help evaluate financial statements. Tiwari and Parray (2012) [7] in his study “A Study of Financial Performance: A Comparative Analysis of SBI and ICICI Bank” the researcher explained in detail the analysis of financial statements of Ranbaxy Ltd. Majumdar (2016), measured the financial performance of 15 banks in Bangladesh. Using Composite Ranking, average and ANOVA he concluded that there had been significant difference in the performance of selected banks. Anita Makkar (2013) analysed comparative analysis of the financial performance of Indian commercial banks. Aswini Kumar Mishra and et.al (2013), analyzed the soundness and the efficiency of 12 public and private sector banks based on market cap. CAMEL approach has been used over a period of twelve years (2000-2011), Sufian Fadzlan (2012) examined the internal and external factors that influenced the performance of banks operating in the Indian banking sector during the period 2000-2008. Ramachandran and Kavitha (2009) analyzed the importance of improving the profitability performance of the banking sector in recent years, a census study has been adopted by covering all the Indian scheduled commercial banks. Ruchi (2014) has evaluated the performance of public sector banks in India using CAMEL model. Srivastava, et al. (2015) conducted a study to Analysis the performance of Indian Banks – A Comparative Study. Mahesh et al. (2019) conducted a comparative study between private and public banks in India through the camel rating system. Axis Bank and Kotak Mahindra Bank from Private Sector and Bank of Baroda and State Bank of India from the public sector are taken for this study. Required Data of all respective banks have been collected for five years i.e. 2013-14 to 2017-18. Srivastaw Kumar. S (2013) this paper investigated the performance of selected foreign and new private sector banks using certain financial performance indicators.

**Objectives of the Research**

- To understand the growth of selected private banks.
- To compare the financial performance of selected private banks.
- To analyse the collected data and suggest the best-performing based on the results for informed investment decisions.

**Research Design**

The research design adopted for the study is experimental and descriptive.

**Data Collection**

The study has been carried out based on secondary data collected from the annual reports of respective banks, moneycontrol.com, various articles, newspapers etc. Currently, in India, there are ten new generation private banks (as per the RBI website). These are listed below.

- ICICI Bank Ltd.
- Axis Bank Ltd.
- HDFC Bank Ltd.
- YES Bank Ltd.
- Kotak Mahindra Bank Ltd.
- IndusInd Bank Ltd.
- IDBI Bank Ltd.
- DCB Bank Ltd.
- Bandhan Bank Ltd.
- IDFC Bank Ltd.

The financial ratios like Interest Income/Total Assets, Capital Adequacy Ratio, Return on Equity (ROE) for three years (2022-2023-2024) of all the ten banks are taken from Moneycontrol.com. We compiled other financial data from the annual reports of the banks considered in the study. Most of the data are selected based on convenience and easy availability.

**Ratio's**

The following are the ratios used for analysing the collected data.

1. Credit Deposit Ratio (CDR)
2. Return on Assets (ROA)
3. Investment Deposit Ratio (IDR)
4. Capital Adequacy Ratio (CAR)

**Data Analysis**

To understand the growth of the selected private banks in terms of deposits, investments and advances the data collected is analyzed with the help of tables and histograms.

**Table 1:** Deposits of Private Banks During the Period 2022-2024

Name of the Bank	Deposits		
	2022	2023	2024
Axis Bank Ltd.	8,21,972	9,46,945	10,68,641
DCB Bank Ltd.	34,692	41,239	49,353
HDFC Bank Ltd.	15,59,217	18,83,395	23,79,786
ICICI Bank Ltd.	10,64,572	11,80,841	14,12,825
Indusind Bank Ltd.	2,93,681	3,36,438	3,84,793
Kotak Mahindra Bank Ltd.	3,11,684	3,63,096	4,48,954
YES Bank	1,97,192	2,17,502	2,66,372
Bandhan Bank	96,331	1,08,065	1,35,202
IDFC First Bank Ltd.	1,05,634	1,44,637	2,00,576
IDBI Ltd.	2,33,134	2,55,490	2,77,657

**Table 2:** Investments of Private Banks During the Period 2022-2024

Name of the Bank	Investments		
	2022	2023	2024
Axis Bank Ltd.	2,75,597	2,88,815	3,31,527
DCB Bank Ltd.	9,051	12,582	16,211
HDFC Bank Ltd.	4,55,536	5,17,001	7,02,415
ICICI Bank Ltd.	3,10,241	3,62,330	4,61,942
Indusind Bank Ltd.	70,971	83,116	1,06,527
Kotak Mahindra Bank Ltd.	1,00,580	1,21,404	1,55,404
YES Bank	51,896	76,888	90,235
Bandhan Bank	29,079	32,366	29,288
IDFC First Bank Ltd.	46,145	61,124	74,710
IDBI Ltd.	82,988	99,690	1,14,934

**Table 3:** Advances of Private Banks During the Period 2022-2024

Name of the Bank	Advances		
	2022	2023	2024
Axis Bank Ltd.	7,07,947	8,45,303	9,65,068
DCB Bank Ltd.	29,096	34,378	40,925
HDFC Bank Ltd.	13,68,821	16,00,586	24,84,862
ICICI Bank Ltd.	8,59,020	10,19,638	11,84,406
Indusind Bank Ltd.	2,39,052	2,89,924	3,43,298
Kotak Mahindra Bank Ltd.	2,71,254	3,19,861	3,76,075
YES Bank	1,81,052	2,03,269	2,27,799
Bandhan Bank	93,975	1,04,757	1,21,137
IDFC First Bank Ltd.	1,17,858	1,51,795	1,94,592
IDBI Ltd.	1,36,955	1,62,568	1,88,621

The financial performance of the selected Banks is compared using the data collected. Excel is used to analyse the data

**Table 4:** Total Assets of Private Banks During the Period 2022-2024

Name of the Bank	Total Assets		
	2022	2023	2024
Axis Bank Ltd.	11,75,429	13,17,326	14,77,209
DCB Bank Ltd.	44,793	52,366	63,037
HDFC Bank Ltd.	20,68,535	24,66,081	36,17,623
ICICI Bank Ltd.	14,11,298	15,84,207	18,71,515
Indusind Bank Ltd.	4,01,975	4,57,804	5,14,935
Kotak Mahindra Bank Ltd.	4,29,428	4,89,862	6,00,357
YES Bank	3,18,220	3,54,786	4,05,493
Bandhan Bank	1,38,995	1,56,037	1,77,842
IDFC First Bank Ltd.	1,90,182	2,39,942	2,96,115
IDBI Ltd.	3,01,603	3,30,502	3,63,190

**Table 5:** Total Income of Private Banks During the Period 2022-2024

Name of the Bank	Total Income		
	2022	2023	2024
Axis Bank Ltd.	0	0	0
DCB Bank Ltd.	0	0	0
HDFC Bank Ltd.	0	0	0
ICICI Bank Ltd.	0	0	0
Indusind Bank Ltd.	0	0	0
Kotak Mahindra Bank Ltd.	0	0	0
YES Bank	0	0	0
Bandhan Bank	0	18,373	0
IDFC First Bank Ltd.	0	0	0
IDBI Ltd.	0	0	0

**Table 6:** Total Expenditure of Private Banks During the Period 2022-2024

Name of the Bank	Total Expenditure		
	2022	2023	2024
Axis Bank Ltd.	57,855	69,259	94,687
DCB Bank Ltd.	3,168	3,823	4,972
HDFC Bank Ltd.	93,186	1,22,395	2,13,194
ICICI Bank Ltd.	65,642	79,976	1,07,718
Indusind Bank Ltd.	25,381	30,188	39,396
Kotak Mahindra Bank Ltd.	20,974	26,486	36,485
YES Bank	19,370	23,200	29,314
Bandhan Bank	8,680	11,282	14,395
IDFC First Bank Ltd.	17,111	22,263	30,088
IDBI Ltd.	15,486	16,206	20,445

**Table 7:** Net Profit of Private Banks During the Period 2022-2024

Name of the Bank	Net Profit		
	2022	2023	2024
Axis Bank Ltd.	13,025	9,580	24,861
DCB Bank Ltd.	288	466	536
HDFC Bank Ltd.	36,961	44,109	60,812
ICICI Bank Ltd.	23,341	31,897	40,888
Indusind Bank Ltd.	4,611	7,390	8,950
Kotak Mahindra Bank Ltd.	8,573	10,939	13,782
YES Bank	1,066	717	1,251
Bandhan Bank	126	2,195	2,230
IDFC First Bank Ltd.	145	2,437	2,957
IDBI Ltd.	2,440	3,645	5,634

The Data Related to the Selected Private Banks Is Collected and Analysed Using Ratio Analysis Ratio's Analysis

**Table 8:** Credit Deposit Ratio of Private Banks During the Period 2022-2024

Name of the Bank	Credit Deposit Ratio		
	2022	2023	2024
Axis Bank Ltd.	86.13	89.27	90.31
DCB Bank Ltd.	83.87	83.36	82.92
HDFC Bank Ltd.	87.79	84.98	104.42
ICICI Bank Ltd.	80.69	86.35	83.83
Indusind Bank Ltd.	81.40	86.17	89.22
Kotak Mahindra Bank Ltd.	87.03	88.09	83.77
YES Bank	91.82	93.46	85.52
Bandhan Bank	97.55	96.94	89.60
IDFC First Bank Ltd.	111.57	104.95	97.02
IDBI Ltd.	58.75	63.63	67.93

**Table 9:** Return on Assets of Private Banks During the Period 2022-2024

Name of the Bank	Return on Assets (%)		
	2022	2023	2024
Axis Bank Ltd.	1.21	0.80	1.83
DCB Bank Ltd.	0.70	0.97	0.93
HDFC Bank Ltd.	2.03	2.07	1.98
ICICI Bank Ltd.	1.84	2.16	2.37
Indusind Bank Ltd.	1.28	1.81	1.90
Kotak Mahindra Bank Ltd.	2.13	2.47	2.61
YES Bank	0.40	0.20	0.30
Bandhan Bank	0.11	1.56	1.44
IDFC First Bank Ltd.	0.08	1.13	1.10
IDBI Ltd.	0.84	1.20	1.44

**Table 10:** Investment Deposit Ratio of Private Banks During the Period 2022-2024

Name of the Bank	Investment Deposit Ratio		
	2022	2023	2024
Axis Bank Ltd.	33.53	30.50	31.02
DCB Bank Ltd.	26.09	30.51	32.85
HDFC Bank Ltd.	29.22	27.45	29.52
ICICI Bank Ltd.	29.14	30.68	32.70
Indusind Bank Ltd.	24.17	24.70	27.68
Kotak Mahindra Bank Ltd.	32.27	33.44	34.61
YES Bank	26.32	35.35	33.88
Bandhan Bank	30.19	29.95	21.66
IDFC First Bank Ltd.	43.68	42.26	37.25
IDBI Ltd.	35.60	39.02	41.39

**Table 11:** Capital Adequacy Ratio of Private Banks During the Period 2022-2024

Name of the Bank	Capital Adequacy Ratio		
	2022	2023	2024
Axis Bank Ltd.	18.54	17.64	16.63
DCB Bank Ltd.	18.92	17.55	16.59
HDFC Bank Ltd.	18.90	19.26	18.80
ICICI Bank Ltd.	19.16	18.34	16.33
Indusind Bank Ltd.	18.42	17.86	17.23
Kotak Mahindra Bank Ltd.	22.69	21.80	20.55
YES Bank	17.40	17.90	15.40
Bandhan Bank	20.10	19.76	18.28
IDFC First Bank Ltd.	16.74	16.82	16.11
IDBI Ltd.	19.06	20.44	22.26

To understand the different of the selected private banks in terms of net NPA as percentage to net advance, business per employee and Profit per employee the data collected is analysed with the help of tables and histograms.

**Table 12:** Net Advances of Private Banks During the Period 2022-2024

Name of the Bank	Net NPA as % to Net Advances		
	2022	2023	2024
Axis Bank Ltd.	0.73	0.39	0.31
DCB Bank Ltd.	1.97	1.04	1.11
HDFC Bank Ltd.	0.32	0.27	0.33
ICICI Bank Ltd.	0.76	0.48	0.42
Indusind Bank Ltd.	0.64	0.59	0.57
Kotak Mahindra Bank Ltd.	0.64	0.37	0.34
YES Bank	4.53	0.82	0.58
Bandhan Bank	1.66	1.17	1.11
IDFC First Bank Ltd.	1.53	0.86	0.60
IDBI Ltd.	1.36	0.92	0.34

**Table 13:** Business Per Employee of Private Banks During the Period 2022-2024

Name of the Bank	Business per Employee		
	2022	2023	2024
Axis Bank Ltd.	17.92	20.00	20.19
DCB Bank Ltd.	8.61	7.80	8.37
HDFC Bank Ltd.	20.25	19.74	21.49
ICICI Bank Ltd.	16.69	17.07	16.84
Indusind Bank Ltd.	15.69	16.95	16.98
Kotak Mahindra Bank Ltd.	8.71	8.73	9.63
YES Bank	15.58	15.67	17.42
Bandhan Bank	3.25	3.02	3.19
IDFC First Bank Ltd.	7.96	8.11	8.67
IDBI Ltd.	20.20	22.31	23.50

**Table 14:** Profit Per Employee of Private Banks During the Period 2022-2024

Name of the Bank	Profit per Employee		
	2022	2023	2024
Axis Bank Ltd.	15.54	10.94	25.29
DCB Bank Ltd.	4.00	5.08	5.25
HDFC Bank Ltd.	28.48	27.73	31.20
ICICI Bank Ltd.	23.00	27.52	29.42
Indusind Bank Ltd.	13.73	20.60	21.36
Kotak Mahindra Bank Ltd.	14.24	15.00	18.00
YES Bank	4.60	2.80	4.50
Bandhan Bank	0.23	3.36	3.00
IDFC First Bank Ltd.	1.00	7.75	7.56
IDBI Ltd.	0.14	20.42	29.63

**Conclusion**

A comparative analysis of the financial performance of selected private sector banks reveals their operational efficiency, profitability and growth over the years. Each bank demonstrated unique strengths and areas for improvement. For example, HDFC Bank consistently led in total assets, income and net profit, demonstrating its strong financial foundation and efficient management practices. In contrast, smaller banks such as DCB Bank showed steady growth, particularly in investment and credit deposit ratios, highlighting their potential in specific markets.

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