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A STUDY OF TOP PRIVATE AND PUBLIC SECTOR BANKS IN INDIA: A COMPARATIVE ANALYSIS OF THEIR FINANCIAL PERFORMANCE

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ABSTRACT

Indian Banking system has played an important role in the financial development of India. RBI, the regulatory authority of the banking system in India includes public sector banks, private sector banks, financial and non-financial institutions. The banking system of India comprises of an extensive network of bank offices the nation over which serves the people by providing various financial services. Based on www.embibe.com State Bank of India is the largest public sector bank and HDFC Bank is the largest private sector bank in India. State Bank of India, popularly known as SBI is the largest bank of public sector in India, has more than 24,000 branches and 59,000 ATMs in India. Housing Development Financial Corporation Bank Ltd, popularly known as HDFC Bank is the largest private sector bank in India. HDFC Bank has a network of 4,715 branches and 12,260 ATMs across India. The purpose of the study is to examine the financial performance of the top two largest banks in the India, one from public sector banks and other from private sector banks in India, SBI and HDFC Bank. The research is descriptive and analytical in nature. The data used for the study is entirely secondary in nature. The present study is conducted to compare the financial performance of SBI and HDFC Bank on the basis of ratios such as credit deposit, net profit margin etc. The period of study taken is from the year 2012-13 to 2016-17. The study found that banking customer has more preference and trust on SBI as it has a larger customer base than HDFC Bank. However, it is also seen that HDFC Bank has a faster growth which means that, it is more efficient in operations than SBI.

KEYWORDS: Credit Deposit Ratio, Net Profit Margin, Return on Equity, Income, Expenditure, Deposits, Advances, SBI, HDFC Bank.

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INTRODUCTION

Accounting for trillions in assets worldwide, the banking system is a crucial component of the global economy. A bank accepts deposits from the public and lends advances to the public. The banking system in India consists of a large network of branches of the banks serving the entire people of the country.

STATE BANK OF INDIA PROFILE

State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. It consists of 278,000 employees, 420 million customers, and more than 24,000 branches and 59,000 ATMs. It has 198 offices in 37 countries, 301 correspondents in 72 countries. The company is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016. SBI has 20% market share in deposits and loans among Indian commercial banks.

The roots of the State Bank of India rest in the first decade of 19th century, when the Bank of Calcutta later on renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843. The Presidency banks amalgamated on 27 January 1921, and renamed Imperial Bank of India. The Imperial Bank of India remained a joint stock company.

The State Bank of India was constituted on 1st July 1955, pursuant to the State Bank of India Act, 1955 (the "SBI Act") for the purpose of creating a state-partnered and state-sponsored bank integrating the former Imperial Bank of India. In 1959, the State Bank of India (Subsidiary Banks) Act was passed, enabling the Bank to take over eight former state associated banks as its subsidiaries.

The State Bank of India's is largest bank, with approximately 9,000 branches in India and 54 international offices. Its Associate Banks have a domestic network of around 4,600 branches, with strong regional ties. The Bank also has subsidiaries and joint ventures outside India, including Europe, the United States, Canada, Mauritius, Nigeria, Nepal, and Bhutan. The Bank has the largest retail banking customer base in India.

On 1st April, 2017, State Bank of India, which is India's largest Bank merged with five of its Associate Banks (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore) and Bharatiya Mahila Bank with itself. This is the first ever large scale consolidation in the Indian Banking Industry. With the merger, State Bank of India will enter the league of top 50 global banks with a balance sheet size of Rs. 33 trillion.

HDFC BANK PROFILE

HDFC Bank Limited is an Indian bank headquartered in Mumbai, Maharashtra. It has 84,325 employees and has a presence in Bahrain, Hong Kong and Dubai. HDFC Bank is India’s largest private sector lender by assets. It is the largest bank in India by market capitalization as of February 2016. Its revenue – Rs. 81,602 crores, operating income Rs. 25,732 crores, profit – Rs. 14,550 crores, total assets – Rs. 8,63,840 crores.

HDFC Bank was incorporated in the year 1994, with its registered office in Mumbai, India. Its first corporate office and a full service branch at Sandoz House, Worli in Mumbai had been inaugurated by the then Union Finance Minister, Manmohan Singh.

HDFC Bank provides a number of products and services such as credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, private equity, wealth management.

In 2000, HDFC Bank merged with Times Bank. This was the first merger of two private banks in the private sector banks. HDFC Bank acquired Centurion Bank of Punjab in the year 2008 for Rs. 9,510 crores in one of the largest mergers in the financial sector in India.

OBJECTIVE OF THE STUDY

- To study the financial performance of SBI and HDFC Bank.
- To compare the financial performance of SBI and HDFC Bank.

RESEARCH METHODOLOGY

In the present study, an attempt has been made to measure, evaluate and compare the financial performance of SBI and HDFC Bank which are the largest banks in the public sector banks and private sector banks in India. The study is based on secondary data that has been collected from annual reports of the respective banks, websites, journals, documents and other published information. The study covers the period of 5 years i.e. from year 2012-13 to year 2016-17. Ratio Analysis was applied to analyse and compare the trends in banking business and financial performance. Mean and Compound Growth Rate (CGR) have also been deployed to analyse the trends in banking business profitability.

LIMITATION OF THE STUDY

Due to constraints of time and resources, the study is likely to suffer from certain limitations. Some of these are mentioned here under so that the findings of the study may be understood in a proper perspective.

The limitations of the study are:

- The study is based on the secondary data and the limitation of using secondary data may affect the results.

- The secondary data was taken from the annual reports of the SBI and HDFC Bank and www.moneycontrol.com which is a specialised website for market research. It may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the banks.

Financial analysis is mainly done to compare the growth, profitability and financial soundness of the respective banks by diagnosing the information contained in the financial statements. Financial analysis is done to identify the financial strengths and weaknesses of the two banks by properly establishing relationship between the items of Balance Sheet and Profit & Loss Account. It helps in better understanding of banks financial position, growth and performance by analysing the financial statements with various tools and evaluating the relationship between various elements of financial statements.

FOR THIS PURPOSE THE FOLLOWING PARAMETERS HAVE BEEN STUDIED

1. Credit Deposit Ratio
2. Interest Expended to Interest Earned
3. Net Profit Margin
4. Return on Equity
5. Percentage Change in Net Profits
6. Percentage Change in Total Income
7. Percentage Change in Total Expenditure
8. Percentage Change in Deposits
9. Percentage Change in Advances

CREDIT DEPOSIT RATIO:-

Credit-Deposit Ratio is the proportion of loan-assets created by a bank from the deposits received. Credits are the loans and advances granted by the bank. In other words it is the amount lent by the bank to a person or an organization which is recovered later on. Interest is charged from the borrower. Deposit is the amount accepted by bank from the savers and interest is paid to them.

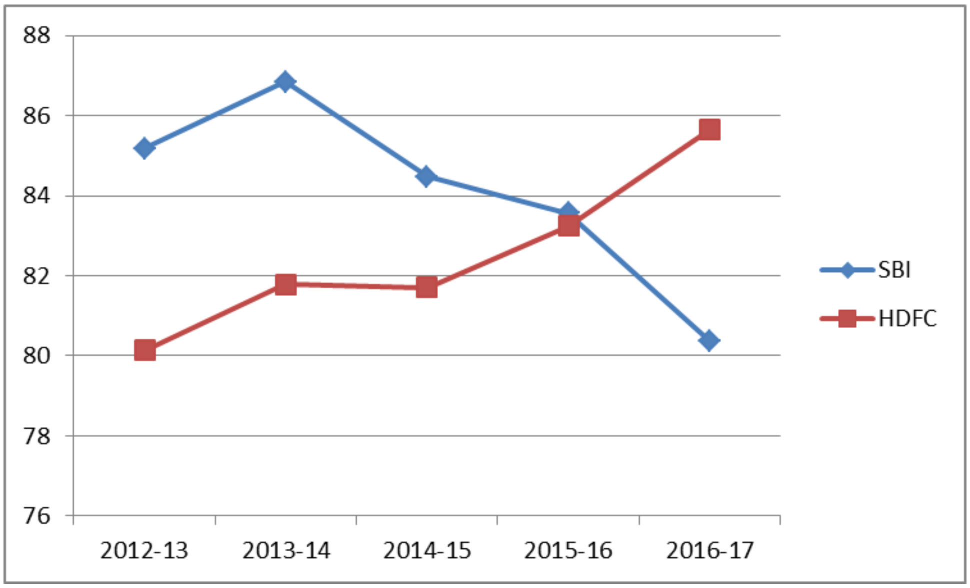
TABLE 1.1 - CREDIT DEPOSIT RATIO (in percentage)

YEAR	**SBI**	**HDFC**
2012-13	85.17	80.14
2013-14	86.84	81.79
2014-15	84.47	81.71
	83.56	83.24

2015-16		
2016-17	80.38	85.64
MEAN	84.08	82.50
CGR (Compound Growth Rate)	-5.62	6.86

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG. NO. 1.1:- CREDIT DEPOSIT RATIO



The table 1.1 highlights that the mean value of credit deposit ratio was higher in SBI (84.08%) as compared to that in HDFC Bank (82.50%) during the 5 year period (2012-13 to 2016-17). From the table above we can also see that there has been a huge increase in the growth of HDFC Bank as compared to SBI. The compound growth rate of HDFC Bank is 6.86% and that of SBI is -5.62% over the 5 year period in study. This shows that HDFC Bank has increased its loan assets from its deposits at a faster growth rate as compared to SBI. However, SBI has a larger loans assets from its deposits compared to HDFC Bank.

INTEREST EXPENDED TO INTEREST EARNED:-

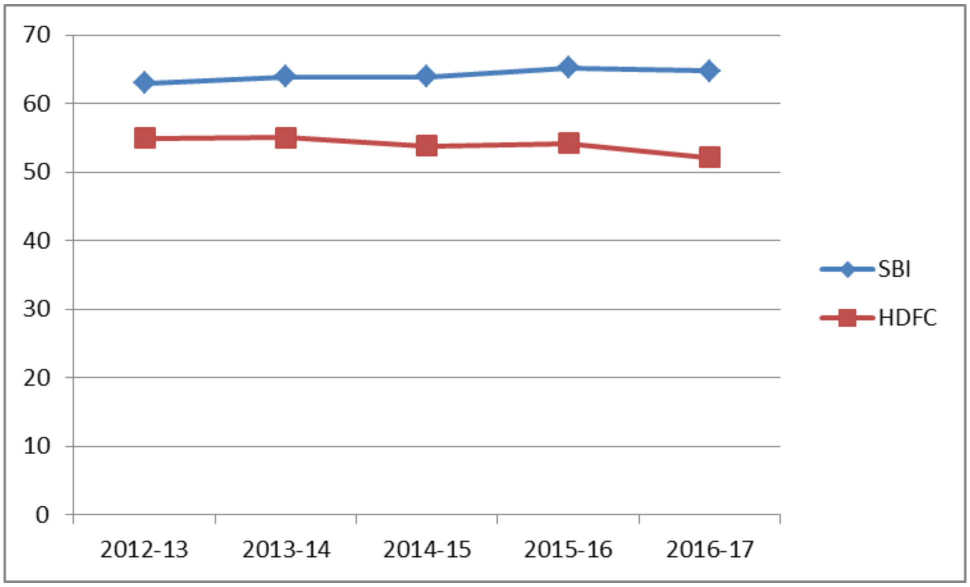
Banks accepts deposits from savers and pay interest on these accounts. This payment of interest is known as interest expenses. Banks also loans the deposits to borrowing customers and charges interest on these loans. This receipt of interest is known as interest income. Interest Expended to Interest Earned reveals the percentage of expenses incurred on interest in relation to interest earned.

TABLE 1.2:- INTEREST EXPENDED TO INTEREST EARNED (in percentage)

YEAR	SBI	HDFC
2012-13	62.95	54.91
2013-14	63.86	55.07
2014-15	63.90	53.79
2015-16	65.25	54.18
2016-17	64.76	52.18
MEAN	64.14	54.03
CGR	2.88	-4.97

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG.NO.1.2:- INTEREST EXPENDED TO INTEREST EARNED



The table 1.2 shows that the ratio of interest expended to interest earned in SBI has increased from 2012-13 (62.95%) to 2016-17 (64.76%) in an increasing order. The highest was in 2015-16 (65.25%) and the lowest was in 2012-13 (62.95%). The ratio of interest expended to interest earned in HDFC Bank has varied frequently for the 5 years under study in a decreasing order from 54.91% in 2012-13 to 52.18% IN 2016-17. The highest (55.07%) was in 2013-14 and the lowest (52.18%) was in 2016-17. The mean value of interest expensed over interest earned for SBI was 64.14% and that in HDFC Bank was 54.03%. The compound growth rate of SBI was 2.88% and of HDFC Bank was -4.97%. This shows that the share of interest expended to interest earned was higher in the case of SBI as compared to HDFC Bank, which shows that people prefer to invest their savings and take loans and advances from HDFC Bank than SBI.

NET PROFIT MARGIN:-

Net profit margin is the percentage of revenue left after all expenses have been deducted from sales. The measurement reveals the amount of profit that a business can extract from its total sales. The net sales part of the equation is gross sales minus all sales deductions, such as sales allowances. Net Profit Margin reveals the financial results of the business activity and efficiency of management in operations. The table

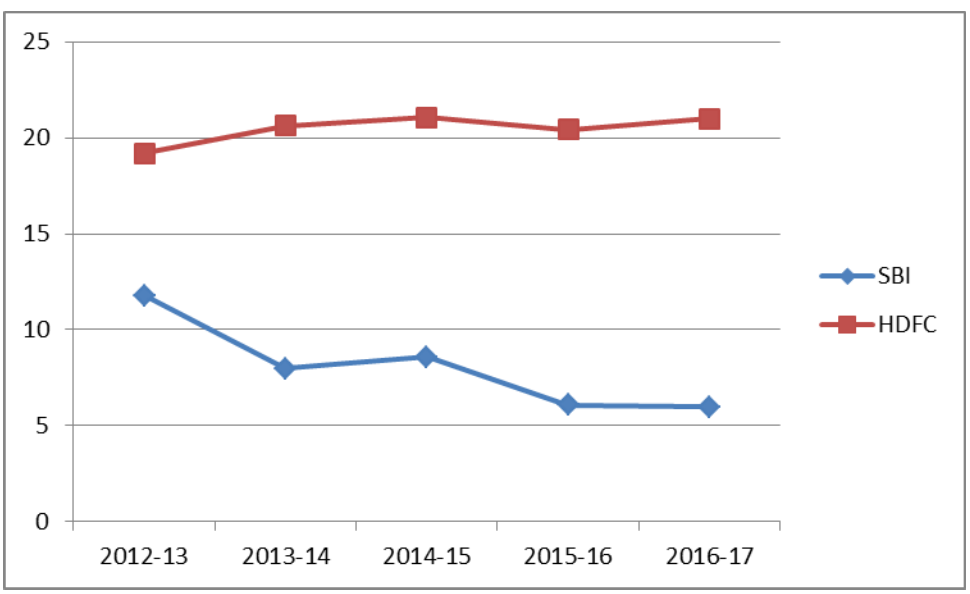
1.3 shows the net profit margin in SBI and HDFC Bank during the Period 2012-13 to 2016-17.

TABLE-1.3:-NET PROFIT MARGIN (in percentage)

YEAR	SBI	HDFC
2012-13	11.78	19.18
2013-14	7.98	20.61
2014-15	8.59	21.07
2015-16	6.07	20.41
2016-17	5.97	20.99
MEAN	8.08	20.45
CGR	-49.32	9.44

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG. NO.1.3 NET PROFIT MARGIN



The table 1.3 reveals that the ratio of net profit margin of SBI has decreased over the 5 year period (2012-13 to 2016-17) from 11.78% to 5.97%. The decreasing pattern can be seen from 2012-13 to 2016-17 from 11.78% to 5.97%. The only increase was in the year 2014-15 (8.59%). The net profit margin was highest (11.78%) in 2012-13 and lowest (5.97%) in 2016-17. In case of HDFC Bank, the net profit margin has increased slowly over the 5 year period (2012-13 to 2016-17) from 19.18% to 20.99%. It can be seen from the table that the net profit margin was highest (21.07%) in 2014-15 and lowest (19.18%) in 2012-13. The mean value of net profit margin of SBI is 8.08% and that of HDFC Bank is 20.45%. The compound growth rate of SBI is -49.32 and that of HDFC Bank is 9.44% Thus, HDFC Bank has performed better than SBI in terms of profitability and operational efficiency.

RETURN ON EQUITY:-

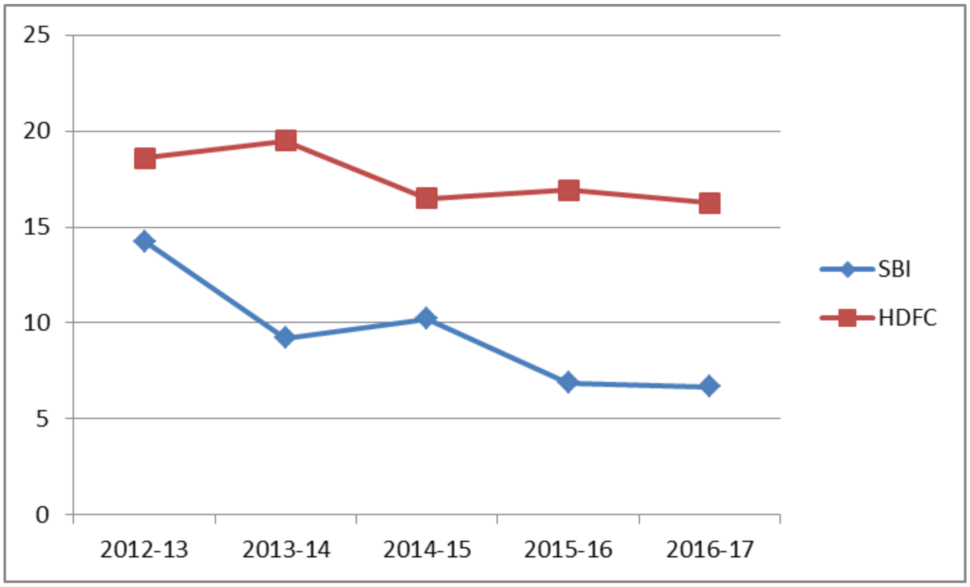
Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

TABLE 1.4 RETURN ON EQUITY (in percent)

YEAR	**SBI**	**HDFC**
2012-13	14.26	18.57
2013-14	9.20	19.50
2014-15	10.20	16.47
2015-16	6.89	16.91
2016-17	6.69	16.26
MEAN	9.45	17.54
CGR	-53.09	-12.44

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG.NO.1.4 RETURN ON EQUITY



The table 1.4 reveals that the ratio of return on equity of SBI has decreased over the 5 year period (2012-13 to 2016-17) from 14.26% to 6.69%. It can be seen that there was an increase only in the year 2014-15 (from 9.20% to 10.20%). In case of HDFC Bank, the return on equity has decreased in a varying order over the 5 year period (2012-13 to 2016-17) from 18.57% to 16.26%. It can be seen that the return on equity in the year 2013-14 has increased to 19.50% (a 5% increase). In the year 2014-15 it decreased to 16.47% (a 15.5% decrease). In the year 2015-16 it increased to16.91% (a 2.7% increase). In the year 2016-17 it decreased to 16.26% (a -3.8% decrease). The mean value of return on equity of HDFC Bank is higher at 17.54% than SBI which is 9.45%. The compound growth rate of HDFC Bank is higher at -12.44% than SBI which is -53.09%. Thus, HDFC Bank has utilised its resources more efficiently as compared to SBI.

PERCENTAGE CHANGE IN NET PROFITS:-

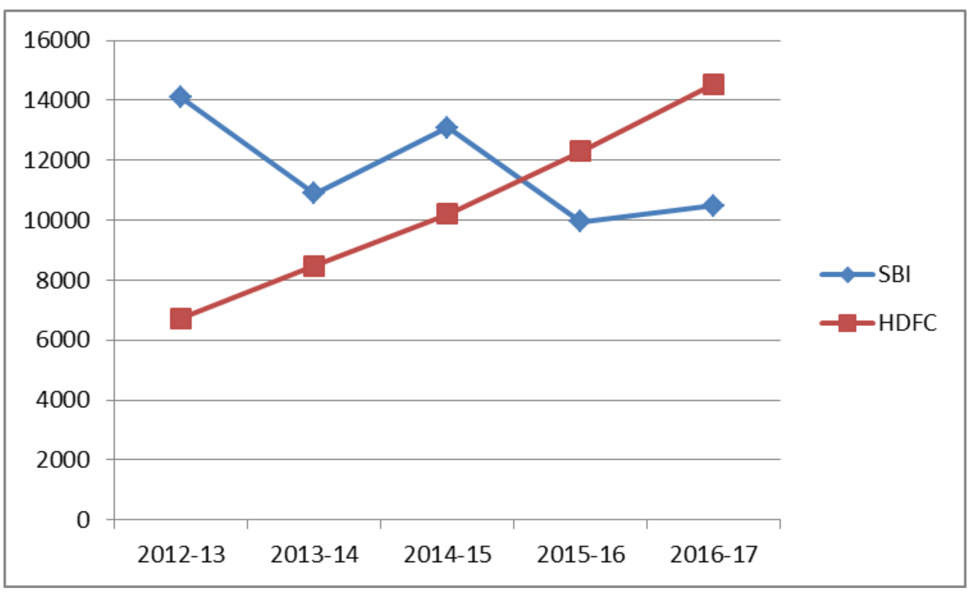
Net Profit reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. It is calculated by dividing net profit by net sales multiplied by 100. It establishes the relationship between the net profit and sales.

TABLE 1.5 PERCENTAGE CHANGE IN NET PROFITS (in crores)

YEAR	SBI		HDFC	
	PROFIT	**% CHANGE**	**PROFIT**	**% CHANGE**
2012-13	14,105		6,726	
2013-14	10,891	-22.78	8,478	26.05
2014-15	13,102	20.30	10,216	20.49
2015-16	9,951	-24.05	12,296	20.36
2016-17	10,484	5.36	14,550	18.33
MEAN	11,706		10,453	
CGR	-25.67		116.31	

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to2016-17

FIG.NO.1.5 NET PROFITS



The table 1.5 highlights that the mean value of net profit is higher in SBI (Rs. 11,704 crores) as compared to that in HDFC Bank (Rs. 10,453 crores) during the 5 year period (2012-13 to 2016-17). From the table above we can also see that there has been a huge increase in the profits of HDFC Bank as compared to SBI. The compound growth rate HDFC Bank is 116.31% and of SBI is -25.67% over the 5 year period in study. This shows that HDFC Bank has performed better when compared to SBI in terms of profitability over the 5 years of study. However, SBI has a higher total profit when compared to HDFC Bank over the 5 years of study.

PERCENTAGE CHANGE IN TOTAL INCOME:-

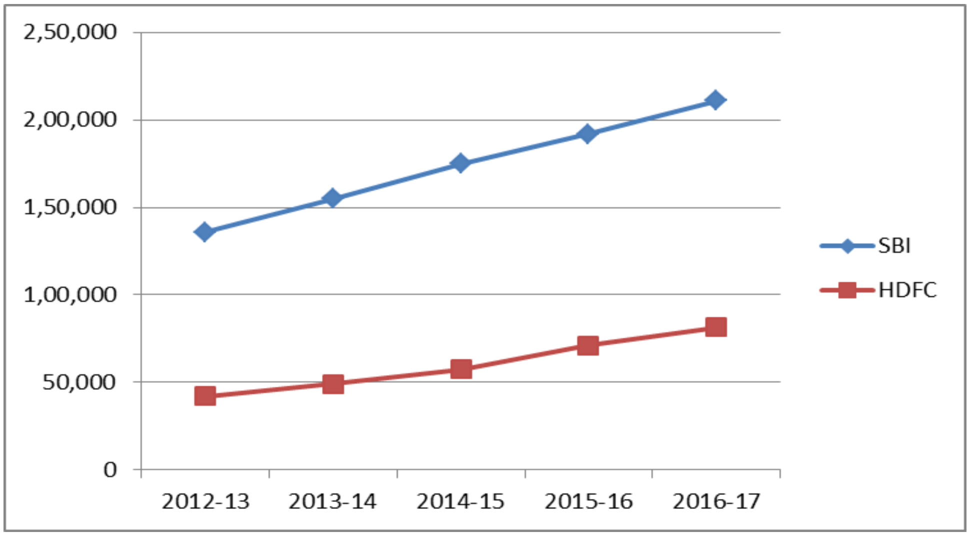
Total income is the sum of all money received by an organisation, including income interest on loans and other financial services provided by the bank, revenue from sales, income from dividends, or other sources. Percentage change in total income aims to identify the growth pattern of the total income of the organisation.

TABLE 1.6 PERCENTAGE CHANGE IN TOTAL INCOME (in crores)

	SBI		HDFC	
YEAR	**INCOME**	**% CHANGE**	**INCOME**	**% CHANGE**
2012-13	1,35,692		41,917	
2013-14	1,54,904	14.16	49,055	17.03
2014-15	1,74,973	12.96	57,466	17.15
2015-16	1,91,844	9.64	70,973	23.50
2016-17	2,10,979	9.97	81,602	14.98
MEAN	1,73,678		60,203	
CGR	55.48		94.67	

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG.NO.1.6 TOTAL INCOME OF SBI and HDFC BANK



The table 1.6 highlights that the mean value of total income was higher in SBI (Rs. 1,73,678 crores) as compared to that of HDFC Bank (Rs. 60,203 crores) during the 5 year period (2012-13 to 2016-17). However, the compound growth rate regarding total income was higher in HDFC Bank (94.67%) than SBI (55.48%) during the period of study. This shows that the average income over the 5 years of HDFC Bank is less by Rs. 1,13,475 crores than SBI. However, the compound growth rate of HDFC Bank shows that its total income has grown by 94.67% which is 70.64% higher than SBI's 55.48%. This means that even though SBI's total income is more, HDFC Bank's growth in income has been rapid over the 5 year period (2012-13 to 2016-17).

PERCENTAGE CHANGE IN TOTAL EXPENDITURE:-

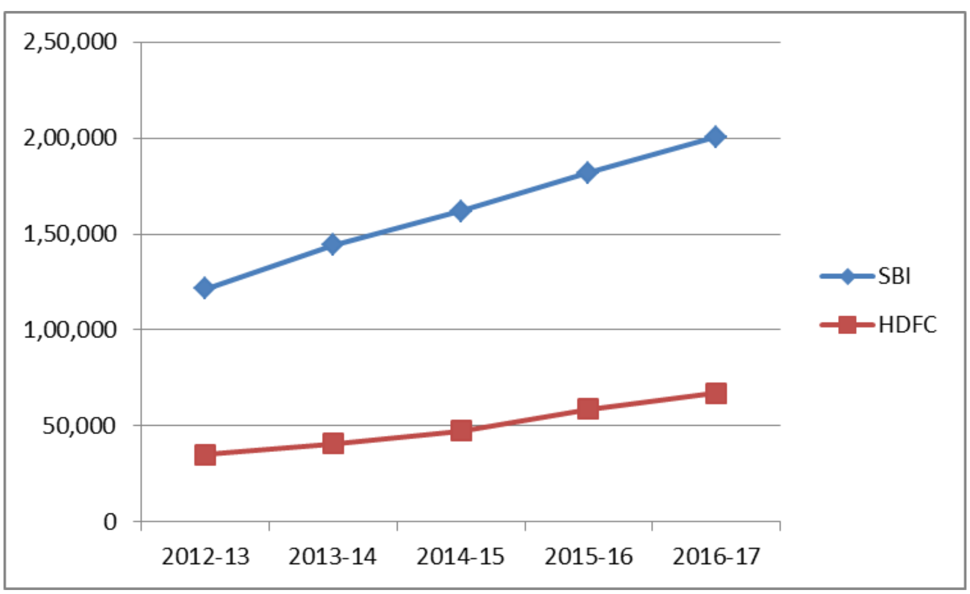
Total expenditure is the sum of all money expensed by an organisation, including payment of interest on savings and other deposits and other services purchased by the bank. Percentage change in total expenditure aims to identify the growth pattern of the total expenditure of the organisation. The total expenditure reveals the proportionate share of total expenditure spent on the development of staff, interest expended and other overheads.

TABLE 1.7:- PERCENTAGE CHANGE IN TOTAL EXPENDITURE (in crores)

YEAR	SBI		HDFC	
	EXPENDITURE	% CHANGE	EXPENDITURE	% CHANGE
2012-13	1,21,587		35,191	
2013-14	1,44,013	18.44	40,577	15.30
2014-15	1,61,871	12.40	47,250	16.45
2015-16	1,81,893	12.37	58,677	24.18
2016-17	2,00,495	10.23	67,053	14.27
MEAN	1,61,972		49,750	
CGR	64.90		90.54	

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG.NO.1.7 TOTAL EXPENDITURE OF SBI and HDFC BANK



The table 1.7 discloses that the mean value of total expenditure is higher in SBI (Rs. 1,61,972 crores) as compared to that in HDFC Bank (Rs. 49,750 crore) during the 5 year period (2012-13 to 2016-17). The compound growth rate regarding expenditure in SBI is 64.90% and that of HDFC Bank is 90.54%. However, the compound growth rate regarding total expenditure was higher in HDFC Bank (90.54%) than SBI (64.90%) during the period of study. This shows that the average expenditure over the 5 years of HDFC Bank is less by Rs. 1,12,222 crores than SBI. However, the compound growth rate of HDFC Bank shows that its total expenditure has grown by 90.54% which is 39.50% higher than SBI's 64.90%. When compared to the percentage change in income, It can be seen that the compound growth rate for SBI (55.48%(income), 64.90(expense)) and HDFC Bank (94.67%(income), 90.54%(expense)). It is shown that HDFC Bank is successful in decreasing their total expenditure as compared to SBI.

PERCENTAGE CHANGE IN DEPOSITS:-

Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, current account, fixed deposits, recurring deposits, etc. Percentage change in deposits aims to identify the growth pattern of the deposits of the organisation.

TABLE 1.8- PERCENTAGE CHANGE IN DEPOSITS (in crores)

YEAR	SBI		HDFC	
	DEPOSITS	**% CHANGE**	**DEPOSITS**	**% CHANGE**
2012-13	12,02,740		2,96,247	
2013-14	13,94,409	15.94	3,67,337	24.00
2014-15	15,76,793	13.08	4,50,796	22.72
2015-16	17,30,722	9.76	5,46,424	21.21
2016-17	20,44,751	18.14	6,43,640	17.79
	15,89,883		4,60,889	

MEAN				
CGR	70.01		117.26	

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG. NO.1.8:- TOTAL DEPOSITS OF SBI AND HDFC BANK

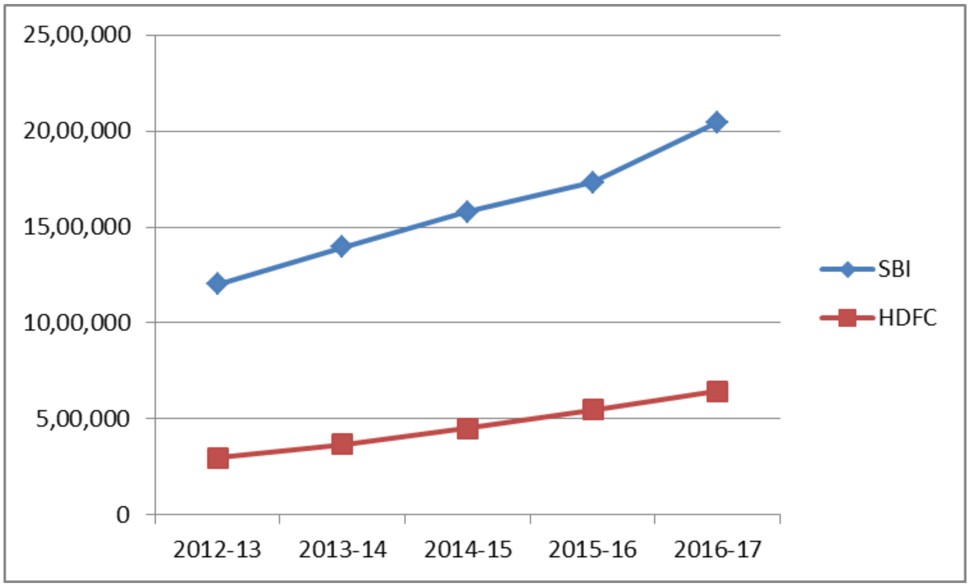


Table 1.8 presents that the mean value of deposits of SBI is higher (Rs. 15,89,883) as compared to the deposits of HDFC Bank (Rs. 4,60,889 crores). The compound growth rate is higher in HDFC Bank (117.26%) than that in SBI (70.01%) during the 5 year period (2012-13 to 2016-17). The table also shows the percentage change in deposits over the period of 5 year (2012-13 to 2016-17) for both the banks have been in an increasing order as shown above in the graph. The table shows that the average deposit over the 5 years of SBI is more by Rs. 11,28,994 crores than HDFC Bank. The compound growth rate of HDFC Bank shows that its total deposits have grown by 117.26% which is 67.49% higher than SBI's 70.01%. This shows that SBI has more deposits from its customers. But, HDFC Bank has grown much faster than SBI during the 5 years of study in terms of deposits.

PERCENTAGE CHANGE IN ADVANCES:-

Advances are the credit facility granted by the bank. In other words it is the amount borrowed by a person from the Bank. It is also known as Credit granted where the money is disbursed and recovery of which is made later on. Percentage change in advances aims to identify the growth pattern of the advances of the organisation.

TABLE 1.9- PERCENTAGE CHANGE IN ADVANCES (in crores)

YEAR	SBI		HDFC	
	ADVANCES	% CHANGE	ADVANCES	% CHANGE
2012-13	10,45,617		2,39,721	
2013-14	12,09,829	15.70	3,03,000	26.40
2014-15	13,00,026	7.46	3,65,495	20.63
2015-16	14,63,700	12.59	4,64,594	27.11
2016-17	15,71,078	7.34	5,54,568	19.37
MEAN	13,18,050		3,85,476	
CGR	50.25		131.34	

Source: www.moneycontrol.com and Annual Reports of SBI and HDFC Bank from 2012-13 to 2016-17

FIG.NO.1.9- TOTAL ADVANCES OF SBI AND HDFC BANK

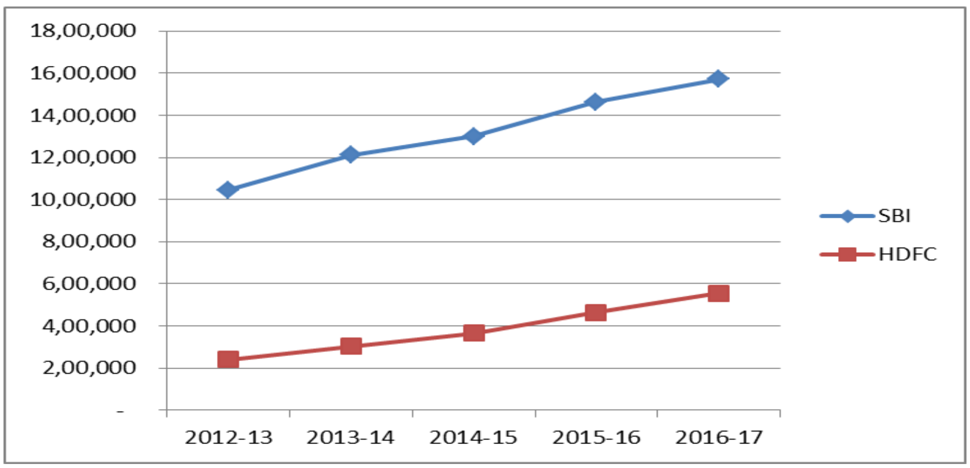


Table 1.9 presents that the mean value of advances of SBI is higher (Rs. 13,18,050) as compared to the advances of HDFC Bank (Rs. 3,85,476 crores). The compound growth rate is higher in HDFC Bank (131.34%) than that in SBI (50.25%) during the 5 year period (2012-13 to 2016-17). The table also shows the percentage change in advances over the period of 5 year (2012-13 to 2016-17) for both the banks have been in an increasing order as shown above in the graph. The table shows that the average advances over the 5 years of SBI is more by Rs. 9,34,574 crores than HDFC Bank. The compound growth rate of HDFC Bank shows that its total deposits have grown by 131.34% which is 161.37% higher than SBI's 50.25%. This shows that SBI has made more advances to its customers. But, HDFC Bank has grown much faster than SBI during the 5 years of study in terms of advances.

FINDINGS AND CONCLUSIONS:-

1. The study found that the mean value of credit deposit ratio was higher in SBI (84.08%) as compared to that in HDFC Bank (82.50%) during the 5 year period (2012-13 to 2016-17). From the table above we can also see that there has been a huge increase in the growth of HDFC Bank as compared to SBI. The compound growth rate of HDFC Bank is 6.86% and that of SBI is -5.62% over the 5 year period in study. This shows that HDFC Bank has increased its loan assets from its deposits at a faster growth rate as compared to SBI. However, SBI has a larger loan assets from its deposits compared to HDFC Bank.
2. The mean of interest expensed over interest earned for SBI is 64.14% and that of HDFC Bank is 54.03%. The compound growth rate of SBI is 2.88% and of HDFC Bank is -4.97%. This shows that the share of interest expended to interest earned was higher in the case of SBI as compared to HDFC Bank, which shows that people prefer to invest their savings and take loans and advances from HDFC Bank than SBI.
3. The average net profit margin of HDFC Bank (20.45%) is higher than that of SBI (8.08%). The compound growth rate of HDFC Bank (9.44%) is higher than that of

SBI (-49.32). Thus, HDFC Bank has performed better than SBI in terms of profitability and operational efficiency.

4. The mean value of return on equity of HDFC Bank is higher at 17.54% than SBI which is 9.45%. The compound growth rate of HDFC Bank is higher at -12.44% than SBI which is -53.09%. Thus, HDFC Bank has utilised its resources more efficiently as compared to SBI.
5. The compound growth rate of HDFC Bank is 116.31% and of SBI is -25.67% over the 5 year period in study. This shows that HDFC Bank has performed better when compared to SBI in terms of profitability over the 5 years of study.
6. The mean value of income over the 5 years of HDFC Bank (Rs. 60,203 crores) is less by Rs. 1,13,475 crores than SBI (Rs. 1,73,678 crores). However, the compound growth rate of HDFC Bank shows that its total income has grown by 94.67% which is 70.67% higher than SBI's 55.48%. This means that even though SBI's total income is more, HDFC Bank's growth in income has been rapid over the 5 year period (2012-13 to 2016-17).
7. The mean value expenditure over the 5 years of HDFC Bank (Rs. 49,750 crores) is less by Rs. 1,12,222 crores than SBI (Rs. 1,61,972 crores). However, the compound growth rate of HDFC Bank shows that its total expenditure has grown by 90.54% which is 39.50% higher than SBI's 64.90%. When compared to the percentage change in income, It can be seen that the compound growth rate for SBI (55.48%(income), 64.90(expense)) and HDFC Bank (94.67%(income), 90.54%(expense)). It is shown that HDFC Bank is successful in decreasing their total expenditure as compared to SBI
8. The mean value of deposits over the 5 years of SBI (Rs. 15,89,883 crores) is more by Rs. 11,28,994 crores than HDFC Bank (Rs. 4,60,889 crores). The compound growth rate of HDFC Bank shows that its total deposits have grown by 117.26% which is 67.49% higher than SBI's 70.01%. This shows that SBI has more deposits from its customers. But, HDFC Bank has grown much faster than SBI during the 5 years of study in terms of deposits.
9. The mean value of advances over the 5 years of SBI (Rs. 13,18,050 crores) is more by Rs. 9,34,574 crores than HDFC Bank (Rs. 3,85,476 crores). The

compound growth rate of HDFC Bank shows that its total advances have grown by 131.34% which is 161.37% higher than SBI's 50.25%. This shows that SBI has made more advances to its customers. But, HDFC Bank has grown much faster than SBI during the 5 years of study in terms of advances.

Hence, on the basis of the above study and analysis it is shown that banking customer has more preference and trust on SBI as it has a larger customer base than HDFC Bank. However, it is also seen that HDFC Bank has a faster growth which means that, it is more efficient in operations than SBI.

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