Comparative Study on Financial Performance of Public and Private Sector Banks in Punjab: An Empirical Analysis between SBI and ICICI Bank (FY 2023–24)

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Abstract—**This paper conducts a comparative analysis of the financial performance of a leading public sector bank—State Bank of India (SBI)—and a prominent private sector bank—ICICI Bank—operating in Punjab for the financial year 2023–24. Using profitability indicators such as Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and the Current Account Savings Account (CASA) ratio, the study aims to provide insights into operational efficiency, financial stability, and customer-centric performance. The analysis incorporates real financial figures sourced from audited annual reports, supplemented by realistic simulations for certain Punjab-specific operations where data is not publicly disaggregated. The study applies ratio analysis, comparative tables, and trend examination to draw conclusions. The findings reveal that while SBI demonstrates stronger deposit mobilization and branch reach in Punjab, ICICI Bank outperforms profitability and asset efficiency metrics. The research concludes with recommendations for strategic improvement and policy directions for enhancing banking performance in the state.**

Index Terms—**SBI, ICICI Bank, Public Sector Banks, Private Sector Banks, Punjab, Profitability, CASA, Financial Performance.**

1. INTRODUCTION

1.1 Background of the Study

The Indian banking sector comprises a diverse mix of public and private sector institutions, each contributing uniquely to the country's financial infrastructure. In Punjab—a state with a robust agricultural economy and expanding service sector—banks play a critical role in ensuring credit availability, mobilizing deposits, and supporting industrial growth. Public sector banks, such as SBI, often have an extensive branch network and deep rural penetration, while private sector banks like ICICI Bank focus on technology-driven services and higher operational efficiency.

1.2 Rationale for Comparative Study

With increased competition and regulatory reforms, comparing the financial performance of leading public and private banks provides valuable insights into operational strategies, efficiency, and market positioning. The selection of SBI and ICICI Bank for this study is based on their significant presence in Punjab and their representation of two distinct banking models.

1.3 Research Objectives

The key objectives of this study are:
1. To assess and compare the financial status of SBI and ICICI Bank for FY 2023–24.
2. To analyze the CASA ratio and its implications for cost of funds and liquidity management.
3. To evaluate the financial strengths and weaknesses of both banks in the context of Punjab's economy.
4. To provide recommendations for improving banking performance in the state.

1.4 Scope of the Study

This research focuses on the Punjab operations of SBI and ICICI Bank, with an emphasis on profitability metrics and CASA ratios. While national-level figures are considered, Punjab-specific insights are included through realistic estimations and supplementary secondary sources.

2. LITERATURE REVIEW

2.1 Overview of Public and Private Sector Banking in India

Several studies have explored the structural differences between public and private sector banks.

According to Reserve Bank of India (RBI) annual publications, public sector banks dominate in rural penetration and social banking initiatives, whereas private sector banks often lead in profitability and service innovation.

2.2 Profitability as a Measure of Performance

Profitability indicators like ROA and ROE are widely used to measure a bank's operational success (Athanasoglou et al., 2008). Higher ROA indicates efficient utilization of assets, while ROE reflects shareholder returns.

2.3 CASA Ratio and Banking Efficiency

High CASA ratio meansbank has access to low-cost funds, thereby improving net interest margins. Previous studies (Das & Ghosh, 2006) have established a strong correlation between CASA ratios and profitability in the Indian banking sector.

2.4 Research Gap

Existing literature rarely focuses exclusively on Punjab, despite its unique economic profile dominated by agriculture and SME industries. This study addresses this gap by incorporating Punjab-specific operational insights.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study adopts an analytical research design to compare the financial performance of SBI and ICICI Bank in Punjab during FY 2023–24. It integrates secondary data analysis with realistic simulated state-level figures where bank-wise Punjab-specific disclosures are unavailable.

3.2 Data Collection Sources

- Primary Sources: Not available
- Secondary Sources:
o Audited Annual Reports of SBI and ICICI Bank for FY 2023–24.
o RBI publications and banking statistics.
o Punjab State Economic Survey 2023–24.
o Industry reports from ICRA, CRISIL, and CARE Ratings.
o Academic research articles and banking sector studies.

3.3 Data Period

The study covers financial year 2023–24, with reference to previous years (2021–22 and 2022–23) for trend analysis.

3.4 Analytical Tools

- Ratio Analysis: For profitability (ROA, ROE, NIM) and CASA ratio.
- Trend Analysis: To identify growth patterns over the last three years.
- Comparative Analysis: Cross-bank evaluation of financial metrics.

3.5 Key Financial Ratios Used

- Return on Assets (ROA): Net Profit / Average Total Assets × 100.
- Return on Equity (ROE): Net Profit / Average Shareholders' Equity × 100.
- Net Interest Margin (NIM): (Interest Income – Interest Expense) / Average Earning Assets × 100.
- CASA Ratio: (CASA Deposits / Total Deposits) × 100.

4. Data Analysis and Interpretation

4.1 Overview of SBI and ICICI Bank Operations in Punjab

- SBI: Largest public sector bank in India, with over 600 branches in Punjab, focusing on rural and semi-urban areas, agricultural financing, and priority sector lending.
- ICICI Bank: A leading private sector bank with ~250 branches in Punjab, focusing on urban/semi-urban customers, digital banking, and high-value retail clients.

4.2 Comparative Financial Data (All-India, FY 2023–24)

Indicator (₹ Crore)	SBI 2023–24	ICICI Bank 2023–24
Net Profit	61,232	38,614
Total Assets	58,00,000	17,80,000
Shareholders' Equity	4,55,000	2,90,000
Interest Income	3,98,500	1,62,700
Interest Expense	2,25,000	72,200
CASA Deposits	21,46,000	4,92,000
Total Deposits	45,05,000	12,46,000

4.3 Ratio Analysis (FY 2023–24)

Ratio	SBI (%)	ICICI Bank (%)
ROA	1.06	2.17
ROE	13.45	13.32
NIM	3.0	4.2
CASA Ratio	47.6	39.5

Interpretation:
- ROA: ICICI's higher ROA reflects more efficient asset utilization.
- ROE: Small difference; SBI benefits from scale, ICICI from efficiency.
- NIM: ICICI outperforms due to higher lending yields and lower NPAs.

- CASA Ratio: SBI has a stronger low-cost deposit base.

4.4 Punjab-Specific Estimates (Simulated for Analysis)

Indicator (₹ Crore)	SBI Bank	ICICI Bank
Net Profit	2,120	1,040
CASA Deposits	58,500	19,200
Total Deposits	1,17,000	48,600
NIM	3.1	4.0

Note: Punjab-specific figures are proportionally estimated based on branch distribution, state-level banking share, and RBI regional data.

4.5 Trend Analysis (2021–22 to 2023–24)

Year	SBI CASA (%)	ICICI CASA (%)	SBI ROA (%)	ICICI ROA (%)
2021–22	45.3	38.0	0.77	1.88
2022–23	46.5	38.9	0.92	2.03
2023–24	47.6	39.5	1.06	2.17

Observation: CASA ratios improved slightly for both banks, with SBI maintaining a lead. Profitability improved steadily for both, with ICICI showing sharper growth.

5. FINDINGS

1. Profitability
o ICICI Bank consistently outperforms SBI in terms of Return on Assets (ROA) and Net Interest Margin (NIM), indicating higher efficiency in using assets to generate profit and a better spread between lending and deposit rates.
o SBI, despite lower ROA, has a comparable Return on Equity (ROE) due to its large equity base and robust capital structure.
2. CASA Performance
o SBI's CASA ratio is significantly higher than ICICI Bank's, reflecting stronger low-cost deposit mobilisation, especially in rural and semi-urban Punjab.
o ICICI relies more on term deposits and fee-based services, which partly explains its higher lending margins.
3. State-Level (Punjab) Trends
o SBI dominates in branch network and deposit base in Punjab, serving a more diverse socio-economic customer base.
o ICICI Bank's operations are concentrated in urban and semi-urban areas, targeting high-value retail customers, SMEs, and corporates.
4. Trend Analysis
o Both banks improved their profitability over the three-year period.
o CASA ratios showed marginal improvement for both, but SBI's lead remained consistent.

6. DISCUSSION

6.1 Factors Influencing Financial Performance
- Operational Efficiency: Private banks often have leaner processes and better adoption of digital banking solutions.
- Customer Base Composition: SBI's reliance on rural/agricultural customers influences CASA but can limit yield.
- Regulatory Environment: Priority sector lending norms affect both banks, but SBI is more exposed to low-yield lending.
6.2 Policy Implications

- Public sector banks must leverage technology to match private sector operational efficiency.
- Private sector banks should explore deeper rural penetration to strengthen CASA.

7. CONCLUSION

This comparative study reveals that SBI, as a public sector bank, excels in mobilizing low-cost deposits and maintaining a broad branch network, especially in Punjab. ICICI Bank, as a private sector leader, outperforms in asset utilization and profitability metrics such as ROA and NIM.

From 2021–22 to 2023–24, both banks showed steady improvements in profitability, with ICICI demonstrating sharper gains. The CASA ratio gap remains significant in favor of SBI, underlining its strength in deposit mobilization.

While SBI's model ensures stability and strong customer trust, ICICI's performance reflects agility, profitability, and efficiency. The results indicate that a hybrid model, combining SBI's outreach with ICICI's efficiency, could be an ideal strategy for sustainable banking growth in Punjab.

8. RECOMMENDATIONS

1. For SBI:
o Diversify income sources beyond interest income, such as wealth management and insurance.
o Improve lending yields while balancing CASA growth.
2. For ICICI Bank:
o Expand rural and semi-urban presence in Punjab to capture more CASA deposits.
o Continue to strengthen asset quality to sustain higher NIM.
o Invest in customer relationship initiatives for long-term loyalty.
3. For Policymakers:
o Encourage collaborative models between public and private sector banks for financial inclusion.
o Promote policies that incentivize both CASA mobilization and lending efficiency.

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