A Study on Long Term Solvency Position of Private Sector Banks in India

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ABSTRACT : *Long-term solvency ratios provide information about a company's financial position. They also measure a company's ability to pay long-term obligations (those with maturities exceeding one year).The present study is based on long term solvency ratio of private sector banks in india, the following ratios are shows their status of long term solvency position Interest income to total fund, Interest expended to total fund, Loan turnover, Total asset turnover, Capital adequacy ratio, Advance to loan fund, Credit deposit ratio. The long-term financial soundness of any business can be judged by its long-term creditors by testing its ability to pay interest charges regularly and its ability to repay the principal as per schedule.*

KEYWORDS: *Asset, CAR, Credit deposit, Interest expended, Interest income, Loan.*

I. INTRODUCTION

Private sector banks also known as commercial or stockholder banks which are run by a private individual or group, for the purposes of making a profit for the owners. The private sector banks play a vital role in the growth of Indian economy. They indirectly motivate the public sector banks by offering a healthy competition to them. All those banks where greater parts of stake or equity are held by the private shareholders and not by government are called "private sector banks". These are the major players in the banking sector as well as in expansion of financial business activities India. The present private-sector banks equipped with all kinds of contemporary innovations, monetary tools and techniques to handle the complexities are a result of the evolutionary process over two centuries. They have a highly developed organsational structure and are professionally managed. Thus they have grown faster and stronger since past few years.

II. REVIEW OF PREVIOUS STUDIES

The following earlier studies have been conducted by various researchers in the area of banking. The researcher had reviewed some of such previous studies. The present study is to formulate on Dhanabhakyam and Kavitha (2012) stated that the Indian banking system faces several difficult challenges. The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period. The old private sector banks and new private sector banks play a vital role in marketing of new type of deposits and advances schemes".

III. OBJECTIVES OF THE STUDY

[1] To analyze the long-term solvency position of some selected private sectors banks (i.e.,) AXIS, ICICI. Karur vysya bank (KVB), South india bank (SIB).
[2] To observe the overall solvency of banks (i.e.,) Interest income to total fund, Interest expended to total fund, Loan turnover, Total asset turnover, Capital adequacy ratio, Advance to loan fund, Credit deposit ratio.

IV. SCOPE OF STUDY

The study has been undertaken with the objective of analyzing the Long-term solvency analysis of private sector bank in India. Long term solvency is to be measured in terms of ability to return the principal amount borrowed as well as to pay the interest.LTS is otherwise known as capital structure ratio. This ratio measures the composition of capital with respect to own capital and borrowed capital.

V. PERIOD OF STUDY

The study covers a period of 10 years from 2002- 2003 to 2011-2012 is taken for the study.

VI. RESEARCH METHODOLOGY

Research is the systematic process of collecting and analyzing information to increase out understanding of the phenomenon under study. Research stands for

[1] R – Rational way of thinking.
[2] E –Expert and Exhaustive treatment.
[3] S –Search for solution.
[4] E –Exactness
[5] A –Analytical analysis of adequate data.
[6] R –Relationship of facts.
[7] C –Careful recording.
[8] H –Honesty & Hardwork.

6.1 Data Source

The study is based on secondary data. Information required for the study has been collected from the annual report of AXIS,ICICI,KVB,SIB & different books, journals ,magazines & data collected from various bank websites.

6.2 Analysis of Tools

In this study various statistical tools are used (i.e.,) Mean, Standard deviation, Coefficient of variation & ANOVA have been used for data analysis.

6.3 Hypotheses

ANOVA is a statistical procedure for determining whether three or more sample means were drawn from populations with equal means. In everyday ANOVA tests the null hypothesis that the population means (estimated by the sample means) are all equal. If null hypothesis is rejected, then we conclude that the population means are not all equal. A more precise formulation of the null and alternative hypotheses for comparing *k* means is:

H0: $\mu_1 = \mu_2 = \mu_k$
H1: at least one pair of means is different, $\mu_1... \mu_2$

The F test statistic indicates that there is a significant difference in the mean performances of responses given for concerned samples. Here this computed value is compared with critical values of each group. If F exceeds the critical value for F at some significance level (usually0.05) it means that there is evidence to reject the null hypothesis in favour of the alternative hypothesis.

VII. LIMITATION OF THE STUDY

[1] The study is related to a period of 10 years.
[2] As the data are only secondary, i.e., they are collected from the published annual reports.
[3] Due to shortage of time only Long-term solvency ratio is taken for the study.

VII. OVERVIEW OF SOLVENCY

Solvency is a measure of the long-term financial viability of a business which means its ability to pay off its long-term obligations such as bank loans, bonds payable, etc.. Information about solvency is critical for banks, employees, owners, bond holders, institutional investors, government, etc., Thus long-term financial soundness (or solvency) of any business is examined by calculating ratios popularly, known as leverage of capital structure ratios. These ratios help us the interpreting repays long-term debt as per installments stipulated in the contract. Long term solvency refers to the ability of the business concern to pay its liabilities in the long period. A Firm is said to be solvent when total asset are greater than the total liabilities payable to outsiders. The following ratios are

8.1 Interest Income to Total Fund

Interest income to average working funds expressed as a percentage, this ratio shows a bank's ability to leverage its average total resources in enhancing its main stream of operational interest income. The sum total of discount, interest from loans, advances and investment and from balance with RBI and other interest flows.
Interest Income to Total Fund =Interest income / Average working fund

Table 8.1 Analysis of mean, standard deviation & coefficient of variation

INTEREST INCOME / TOTAL FUND				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	11.00	11.05	11.39	11.51
2003-2004	9.67	9.93	10.82	10.63
2004-2005	7.43	8.08	8.41	7.01
2005-2006	8.22	8.36	8.98	7.73
2006-2007	8.88	9.55	9.54	8.34
2007-2008	9.57	10.60	9.95	8.82
2008-2009	10.53	9.82	10.31	9.36
2009-2010	9.38	8.82	10.15	9.18
2010-2011	9.14	8.41	9.74	8.70
2011-2012	10.23	9.07	10.69	10.08
MEAN	9.405	9.369	9.998	9.136
SD	1.011882	0.942448	0.839605	1.274026687
CV	10.75898	10.05922	8.397726	13.94512574

Table 8.1 discloses that bank wise mean, standard deviation & coefficient of variation of Interest income to total fund of selected banks .The KVB has highest mean value & SIB has lowest value when compare to other banks. Standard deviation of Interest income to total fund of SIB has 1.2740 with highest coefficient of variation of 13.9451% and KVB has 0.8396 low standard deviation with low coefficient of variation of 8.387%.

Hypothesis:
H_0: $\mu_1 = \mu_2 = \mu_3 = \mu_4$ (There is no significant relationship between Interest Income to Total Fund among different private sector banks in india)

H_1: $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Interest Income to Total Fund among different private sector banks in india)

Table: 8.1(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	4.0457	3	1.348567	1.144957	2.866266
With Groups	42.40194	36	1.177832		
Total	46.44764	39			

Since the calculated value of F (1.144957) is less than the table value (2.8662) as shown in table 8.1(b) ANOVA, null hypothesis is accepted .It is therefore ,concluded that there is no significant relationship between the interest income to total fund of (AXIS,ICICI,KVB,SIB) private sectors banks in india.

8.2 Interest Expended to Total Fund
Interest expended includes interest on deposits, interest on borrowings & other interest. It includes discount & interest on all borrowings and refinance from RBI and other banks. All other payments like interest on participation certificate, penal interest paid also included.
Interest expended to Total fund =Interest expended / Average working fund

Table 8.2 Analysis of mean, standard deviation & coefficient of variation

INTEREST EXPENDED / TOTAL FUND				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	6.72	7.53	6.14	6.76
2003-2004	4.67	6.05	5.27	5.69
2004-2005	3.85	4.49	4.46	4.83
2005-2006	4.14	4.58	4.36	4.44
2006-2007	4.87	5.49	5.18	4.98
2007-2008	4.83	6.31	5.96	5.96
2008-2009	5.56	5.83	6.55	6.22
2009-2010	4.04	4.74	6.11	5.96
2010-2011	4.06	4.41	5.78	5.69
2011-2012	5.29	5.18	7.15	7.03
MEAN	4.803	5.461	5.696	5.756
SD	0.836063	0.943816	0.839586	0.782933
CV	17.4071	17.28285	14.73992	13.60203

Table 8.2 exhibits that bank wise mean, standard deviation & coefficient of variation of Interest expended to total fund of selected banks .The SIB has highest mean value & AXIS has lowest value when compare to other banks. Standard deviation of Interest expended to average working fund of ICICI has 0.9438 with coefficient of variation of 17.282% and SIB has 0.7829 low standard deviation with low coefficient of variation of 13.602 %.

Hypothesis: H_0: $\mu_1= \mu_2= \mu_3= \mu_4$ (There is no significant relationship between Interest expended to Total fund among different private sector banks in india)
H_1:$\mu_1\neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Interest expended to Total fund among different private sector banks in india)

Table: 8.2(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	5.71118	3	1.903727	2.357007	2.866266
With Groups	29.07678	36	0.807688		
Total	34.78796	39			

Since the calculated value of F (2.357007) is less than the table value (2.8662) as shown in table 8.2(b) ANOVA, null hypothesis is accepted .It is therefore ,concluded that there is no significant relationship between the interest expended to total fund of (AXIS,ICICI,KVB,SIB) private sectors banks in india.

8.3 Loan Turnover
Loan turnover ratio means the amount of sales, divided by the outstanding loans on the balance sheet. This could measure how much sales a company has to pay off its loans.

Loan turnover =Net sales/ Outstanding loan

Table 8.3 Analysis of mean, standard deviation & coefficient of variation

LOAN TURNOVER				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	0.30	0.24	0.22	0.24
2003-2004	0.26	0.20	0.20	0.23
2004-2005	0.18	0.16	0.15	0.14
2005-2006	0.19	0.15	0.15	0.13
2006-2007	0.18	0.17	0.15	0.14
2007-2008	0.18	0.20	0.16	0.15
2008-2009	0.19	0.18	0.16	0.16
2009-2010	0.17	0.17	0.17	0.15
2010-2011	0.16	0.17	0.16	0.14
2011-2012	0.17	0.18	0.17	0.15
MEAN	0.198	0.182	0.169	0.163
SD	0.042849	0.024413	0.022113	0.036892
CV	21.64069	13.4138	13.08482	22.63297

Table 8.3 shows the details about bank wise mean, standard deviation & coefficient of variation of Loan turnover of selected banks .The AXIS has highest mean value & SIB has lowest value when compare to other banks. Standard deviation of net sales to outstanding loan of AXIS has 0.0428 with coefficient of variation of 21.640% and KVB has 0.0221 low standard deviation with coefficient of variation of 13.084 %.

Hypothesis: H_0: $\mu_1 = \mu_2 = \mu_3 = \mu_4$ (There is no significant relationship between Loan turnover among different private sector banks in india)
H_1: $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Loan turnover among different private sector banks in india)

Table: 8.3(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	0.00722	3	0.002407	2.023354	2.866266
With Groups	0.04282	36	0.001189		
Total	0.05004	39			

Since the calculated value of F (2.023354) is less than the table value (2.8662) as shown in table 8.3(b) ANOVA, null hypothesis is accepted .It is therefore ,concluded that there is no significant relationship between the Loan turnover of (AXIS,ICICI,KVB,SIB) private sectors banks in india.

8.4 Total Asset Turnover
Asset turnover measures the efficiency of a company's use of its assets in generating sales revenue or sales income to the company. It is an efficiency ratio which tells how successfully the company is using its assets to generate revenue.
Total asset turnover =Net Sales / Total Assets

Table 8.4 Analysis of mean, standard deviation & coefficient of variation

TOTAL ASSET TURNOVER				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	4.60	2.42	3.67	9.42
2003-2004	3.56	2.26	4.72	8.28

2004-2005	3.01	2.14	3.5	4.96
2005-2006	4.00	2.94	3.81	5.00
2006-2007	4.97	4.52	4.36	6.06
2007-2008	6.32	5.61	5.07	6.65
2008-2009	0.11	0.11	5.85	7.26
2009-2010	0.1	0.1	6.18	7.68
2010-2011	0.09	0.09	5.93	5.05
2011-2012	0.11	0.09	0.11	0.10
MEAN	2.687	2.028	4.32	6.046
SD	2.266707	1.870833	1.679161	2.439341
CV	84.35828	92.25015	38.86946	40.34636

The above table 8.4 which depicts that bank wise mean, standard deviation & coefficient of variation of total asset turnover of selected banks .The SIB has highest mean value & ICICI has lowest value when compare to other banks. Standard deviation of net sales to total Assets of SIB has 2.439 with coefficient of variation of 40.346% and KVB has 1.679 low standard deviation with coefficient of variation of 38.869 %.

Hypothesis:
H_0: $\mu_1= \mu_2= \mu_3= \mu_4$ (There is no significant relationship between Total asset turnover among different private sector banks in india)
H_1:$\mu_1\neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Total asset turnover among different private sector banks in india)

Table: 8.4(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	96.90129	3	32.30043	6.679799	2.866266
With Groups	174.0794	36	4.835539		
Total	270.9807	39			

Since the calculated value of F (6.679799) is greater than the table value (2.8662) as shown in table 8.4(b) ANOVA, null hypothesis is rejected. It is therefore, concluded that there is a significant relationship between the Total asset turnover of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

8.5 Capital Adequacy Ratio
Capital Adequacy Ratio (CAR), also known as Capital to Risk Weighted Assets Ratio (CRAR), is a ratio of a bank's capital to its risk. National regulators track a bank's CAR to ensure that it can absorb a reasonable amount of loss and comply with statutory capital requirement. It is expressed as a percentage of a bank's risk weighted credit exposures this ratio is used to protect depositors and promote the stability and efficiency of financial systems around the world. Two types of capital are measured(i.e.,) tier one capital, which can absorb losses without a bank being required to cease trading, and tier two capital, which can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors.

Capital adequacy ratio = Capital Base (Tier I + Tier II) / Risk-weighted Assets
• Tier I- Capital include common equity, retained earnings, paid-in capital and disclosed capital reserves.
• Tier II- Capital includes loan loss reserve or undisclosed capital reserves, preferred stocks with maturity of at least 20 years, certain revaluation reserves and general loan provisions, subordinated debt with an original maturity of at least 7 years.

- Risk weighted assets-Risk weighted assets mean fund based assets such as cash, loans, investments and other assets. Degrees of credit risk expressed as percentage weights have been assigned by RBI to each such assets.

Table 8.5 Analysis of mean, standard deviation & coefficient of variation

CAPITAL ADEQUACY RATIO				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	10.90	11.10	17.01	10.75
2003-2004	11.21	10.40	17.11	11.32
2004-2005	12.66	11.78	16.07	9.89
2005-2006	11.08	13.35	14.79	13.02
2006-2007	11.57	11.69	14.51	11.08
2007-2008	13.73	13.97	12.58	13.80
2008-2009	13.69	15.53	14.92	14.76
2009-2010	15.80	19.41	12.48	15.39
2010-2011	12.65	19.54	14.41	14.01
2011-2012	13.66	18.52	14.33	14.00
MEAN	12.695	14.529	14.821	12.802
SD	1.481143	3.346498	1.503698	1.79782
CV	11.66714	23.03323	10.14573	14.04327

Table 8.5 reveals that bank wise mean, standard deviation & coefficient of variation of Capital adequacy ratio of selected banks .The KVB has highest mean value & AXIS has lowest value when compare to other banks. Standard deviation of Capital base to risk weighted assets of ICICI has 3.346 with highest coefficient of variation of 23.033% and AXIS has 1.481 standard deviation with coefficient of variation of 11.667 %.

Hypothesis: H_0: $\mu_1 = \mu_2 = \mu_3 = \mu_4$ (There is no significant relationship between Capital adequacy ratio among different private sector banks in india)
H_1: $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Capital adequacy ratio among different private sector banks in india)

Table: 8.5(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	37.59759	3	12.53253	2.388905	2.866266
With Groups	188.861	36	5.246139		
Total	226.4586	39			

Since the calculated value of F (2.388905) is less than the table value (2.8662) as shown in table 8.5(b) ANOVA, null hypothesis is accepted. It is therefore, concluded that there is no significant relationship between the Capital adequacy ratio of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

8.6 Advance to Loan Fund
The act of a lender paying money under a loan. An advance is an amount of money that is loaned from future earnings. A loan is an amount borrowed from a bank or other institution that loans money. Borrowers

sign a promissory note that states the terms of the loan and the length of time for repayment. Loans usually require an amount of interest to be paid back with the loan. Available for loans such funds may be restricted in the sense that only the income generated from the fund may be used for making loans; in this case, the principal is placed in an endowment fund. In cases where both principal and income may be available, all funds are placed in the loan fund group.

Advance to Loan Fund =Total Advance / Total loan fund

Table 8.6 Analysis of mean, standard deviation & coefficient of variation

ADVANCE TO LOAN FUND				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	46.00	64.08	67.73	55.85
2003-2004	47.81	67.02	70.56	54.8
2004-2005	56.76	76.65	72.3	63.66
2005-2006	58.50	84.89	76.43	70.49
2006-2007	69.07	77.72	81.20	72.48
2007-2008	75.89	72.67	83.94	76.15
2008-2009	73.87	69.86	74.35	70.69
2009-2010	72.96	58.57	77.41	75.90
2010-2011	76.16	64.96	79.18	76.80
2011-2012	72.29	65.30	80.72	81.31
MEAN	64.931	70.172	76.382	69.813
SD	11.05206	7.446133	4.874291	8.513305
CV	17.02124	10.61126	6.381466	12.19444

Table 8.6 reveals that bank wise mean, standard deviation & coefficient of variation of Advance to loan fund of selected banks .The KVB has highest mean value & AXIS has lowest value when compare to other banks. Standard deviation of total advance to total loan fund of AXIS has 11.052 with highest coefficient of variation of 17.021% and KVB has 4.874 standard deviation with coefficient of variation of 6.381 %.

Hypothesis:
H_0: $\mu_1 = \mu_2 = \mu_3 = \mu_4$ (There is no significant relationship between Advance to Loan fund among different private sector banks in india)

H_1: $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Advance to Loan fund among different private sector banks in india)

Table: 8.6(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	660.6804	3	220.2268	2.895307	2.866266
With Groups	2738.281	36	76.06336		
Total	3398.961	39			

Since the calculated value of F (2.895307) is greater than the table value (2.8662) as shown in table 8.6(b) ANOVA, null hypothesis is rejected. It is therefore, concluded that there is a significant relationship between the Advance to Loan Fund of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

8.7 Credit Deposit Ratio

It is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank's core funds are being used for lending, the main banking activity. A higher ratio indicates more reliance on deposits for lending.

Credit Deposit Ratio = Total Advances/Total Deposits

Table 8.7 Analysis of mean, standard deviation & coefficient of variation

CREDIT DEPOSIT RATIO				
YEAR	AXIS	ICICI	KVB	SIB
2002-2003	42.84	122.96	62.40	53.55
2003-2004	43.63	97.38	66.78	51.58
2004-2005	47.40	89.17	68.68	57.01
2005-2006	52.79	87.59	71.41	64.94
2006-2007	59.85	83.83	74.46	65.49
2007-2008	65.94	84.99	75.20	67.06
2008-2009	68.89	91.44	71.72	67.09
2009-2010	71.87	90.04	69.55	67.33
2010-2011	74.65	87.81	71.17	68.86
2011-2012	76.26	92.23	73.48	72.14
MEAN	60.412	92.744	70.485	63.505
SD	12.27084	10.71	3.647992	6.579151
CV	20.31192	11.54792	5.175558	10.36005

It has been found according to table 8.7 shows that bank wise mean, standard deviation & coefficient of variation of Credit deposit Ratio of selected banks .The ICICI has highest mean value & AXIS has lowest value when compare to other banks. Standard deviation of total advances to total deposits of AXIS has 12.270 with highest coefficient of variation of 20.311% and KVB has 3.647 standard deviation with low coefficient of variation of 5.175 %.

Hypothesis:

H_0: $\mu_1 = \mu_2 = \mu_3 = \mu_4$ (There is no significant relationship between Credit deposit ratio among different private sector banks in india)

H_1: $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4$ (There is a significant relationship between Credit deposit ratio among different private sector banks in india)

Table: 8.7(b) Analysis of ANOVA

Sources of variation	Sum of Square	Degrees of freedom	Mean Square	F (calculated value)	Table value (at 5 % level of significance)
Between Groups	6388.732	3	2129.577	23.81851	2.866266
With Groups	3218.706	36	89.4085		
Total	9607.438	39			

Since the calculated value of F (23.81851) is greater than the table value (2.8662) as shown in table 8.7(b) ANOVA, null hypothesis is rejected. It is therefore, concluded that there is a significant relationship between the Credit deposit Ratio of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

XI.FINDINGS

- Interest income to total fund gives the clear picture of SIB has 11.51 percent in the period of March 2003 and compare to AXIS has low percent of 7.43 at the end of March 2005.To conclude the hypothesis there is no significant relationship between the interest income to total fund of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

- Interest expended to total fund of selected banks KVB has 7.15 percent at the end of March 2012 and AXIS has 3.85 percent at the end of March 2005.To conclude the hypothesis there is no significant relationship between the interest expended to total fund of (AXIS,ICICI,KVB,SIB) private sectors banks in india.

- Loan turnover shows that AXIS has 0.30 percent at the end of March 2003 and compare to SIB has low percent of 0.13 at the end of March 2006. To conclude the hypothesis there is no significant relationship between the Loan turnover of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

- Total asset turnover reveals that SIB has 9.42 high percent in the period of March 2003 and AXIS & ICICI has low percent of 0.10 at the end of the period march 2010 and also SIB has 0.10 at the end of March 2012. To conclude the hypothesis there is a significant relationship between the Total asset turnover of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

- Capital adequacy ratio of selected banks ICICI has 19.54 percent at the end of March 2011 and SIB has 9.89 low percent at the end of March 2005. To conclude the hypothesis there is no significant relationship between the Capital adequacy ratio of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

- Advance to loan fund shows that ICICI has 84.89 percent at the end of March 2006 and AXIS has 46 percent at the end of March 2003. To conclude the hypothesis there is a significant relationship between the Advances to loan fund of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

- Credit deposit ratio reveals that ICICI has 122.96 percent at the end of March 2003 and AXIS has 42.84 percent at the end of March 2003. To conclude the hypothesis there is a significant relationship between the Credit deposit ratio of (AXIS, ICICI, KVB, SIB) private sectors banks in india.

X. CONCLUSION

Long term solvency used to measure the size of the company The Indian banking industry is one of the pillars of the Indian economy's growth curve. The BFSI industry, which comprises banking, insurance and mutual funds, is also one of the biggest employers in India. Private Sector banks are owned by individuals or a group of individuals who can take policy and business decisions quickly when compared to public sector banks where policy decisions have to be approved by the government of India. Hence private sector bank are able to offer attractive plans and offers to customers and hence are growing at a faster pace than public sector banks. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in india. The RBI has given licenses to new private sector banks as part of the liberalization process. The RBI has also been granting licenses to industrial houses. Many banks are successfully running in the retail and consumer segments but are yet to deliver services to industrial finance, retail trade, small business and agricultural finance. The private banking in India has grown and developed over years. The cut-throat competition in the banking sector has compelled private banks to come up with new services. They have to depend heavily on technology and service.

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