

A STUDY ON PROFITABILITY OF SELECTED PUBLIC SECTOR BANKS IN INDIA

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Abstract:

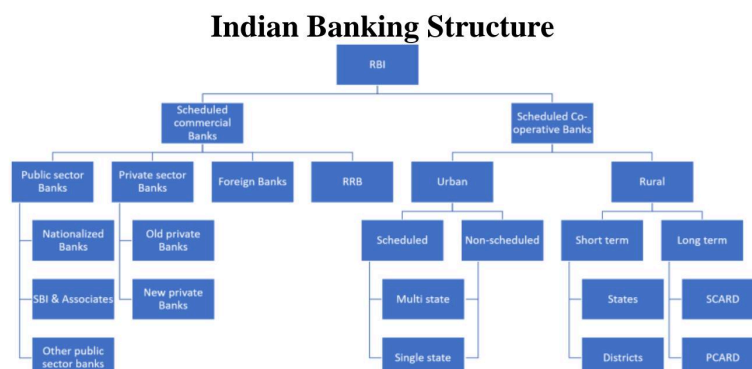
A Study on Profitability of Selected Public Sector Banks in India examines the factors influencing the financial performance of five Indian Public Sector Banks post global financial crises. In this article find out the profitability of the balanced panel data for the period 2016-2020 was performed to determine the impact of the profitability, efficiency, liquidity and solvency of banks based on the Fulmer Model – H Score. The bank that influence the profitability of the Public Sector Banks in India are mostly effects on controlling the total debt, current liabilities and cash flow whereas the effect of factors on the banks' profitability were insignificant. This article recommended the Public Sector banks to reduce the cost for making sustainable profit.

INTRODUCTION:

A financial system is an important tool for a country that wants to develop economically, as it helps in the creation of wealth through investments. That is why there are different types of financial services available to facilitate the public requirement. One of the important ways for a country to provide financial transactions and services is by means of banks. Banking in India has been the backbone of so many businesses in the past as well as in the present. It started in the 18th century and is still growing from strength to strength. The banking system in India features a rich history, that covers the normal banking practices from the time of Britishers to the reforms period, nationalization to the privatization of banks, and currently increasing numbers of foreign banks in India today. Rural banking and micro-financing are the 2 gateways for the Indian banks to grow and compete with international banks.

Indian Banking Structure:

The initial days of the business saw a majority non-public possession and an extremely volatile work environment. Major strides towards public ownership and answerableness were created with Nationalisation in 1969 and 1980 which remodelled the face of banking in India. The industry in recent times has recognized the importance of personal and foreign players during a competitive state of affairs and has enraptured towards bigger liberalization. The Structure of the Indian banking industry is as follows:



Reserve Bank of India (RBI)