Public Sector Banks in India and their Managerial Efficiency & Profitability Performance

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Abstract : *It is a well-known fact that financial sector reforms were initiated as part of overall economic reforms in the country and wide ranging reforms covering industry, trade, taxation, external sector, banking and financial market have been carried out since the mid of 1991. The most significant achievement of the financial sector reforms has been the marked improvement in the financial health of commercial banks in terms of capital adequacy, profitability and asset quality as also greater attention to risk management. Further, deregulation has opened up new opportunities for banks to increase revenues by diversifying into investment banking, insurance, credit cards, depository services, mortgage financing, securitization etc. At the same time, liberalization has brought greater competition among banks, both domestic and foreign, as well as competition from mutual funds, NBFCs; post office etc. After reforms, competition will only get intensified, as large global players emerge on the scene. Increasing competition is squeezing profitability and forcing banks to work efficiently on shrinking spreads. Positive fallout of competition is the greater choice available to consumers, and the increased level of sophistication and technology in banks. The present research paper points out managerial efficiency & profitability performance of public sector banks in India.*

Keywords: Banking System, Public Sector, Managerial Efficiency, Profitability, Resource Mobilization, Consumers, Mutual Funds, Mortgage Financing, Economic Reforms.

Introduction: The study of Indian Banking sector occupies an important place in the development of economy in India especially after Banking Sector Reforms introduced in 1991. Before financial sector reforms, Indian banks were operating in a protected environment with a strong cushion of the government. This had made them operationally inefficient and commercially almost wreck. An attempt has been made with the help of this study for the evaluation of managerial efficiency and profitability performance. All public sector

banks i.e. 26 have been selected for the study. Period of the study ranged from 2007 to 2012. All the banks were first individually ranked for each ratio on the basis of managerial efficiency and profitability parameter. Then the composite score for each bank has been calculated on the basis of average of the individual score. Friedman rank test has been used to test the hypothesis. At 4 degree of freedom, the hypothesis i.e. H_1 is rejected. Therefore we can conclude that the performance of all public sector banks is not uniform in both the parameter i.e. managerial efficiency and profitability.

The Indian Banking system is distinctive and possibly has no parallel in the banking history of any country in the world. It is very interesting to study the evolution of Indian Banking over the Last five decades, in terms of organization, functions, resource mobilization, Socio-economic roles, problems and solutions. The period of five decades witnessed many macro-economic developments, monetary and banking policies and the external situation, which influenced the evolution of Indian banking in different ways and in different periods. The banking sector in India started its history (phase 1) with the General Bank of India and The Bank of Hindustan in 1786. After the defunct of these two banks three new presidency

banks were came in existence namely The Bank of Calcutta (1840), The Bank of Bombay (1840) and The Bank of Madras established by East India Company. In 1865 Allahabad Bank and in 1895 Punjab National Bank were set up. Then Imperial bank of India came into existence in 1921. The Imperial bank of India acted as a central bank and as a banker for other banks. After that a series of bank started its operation. Reserve Bank of India was set up in 1935. In 1950 (phase 2) the Indian banking system compromised of the Reserve Bank of India, The Imperial Bank of India, Cooperative Banks, Exchange Banks and Indian Joint stock Banks. After independence, in 1951, the all India Rural Credit Survey and Committee of Direction with Shri A.D. Gorwala as Chairman recommended amalgamation of the Imperial Bank of India and ten other banks into a newly established bank called State Bank of India (SBI). Imperial Bank of India was nationalized in 1955 as the State Bank of India. In 1959 the SBI (Subsidiary Bank) Act was proposed and the following eight State associated banks were taken over by the SBI as its subsidiaries. On 19th July 1969, the Prime Minister Mrs. Indira Gandhi announced the nationalization of 14 major scheduled commercial banks each having deposits worth Rs. 50 crores and above. This was the turning point in Indian commercial banking in India.

Later on 15th April 1980, six more commercial private sector banks with deposit liability of not less than Rs. 200 crores were also nationalized. In 1975 Regional Rural Banks came into existence to supplement the activities of the commercial banks and to especially meet the credit needs of the rural society. At present total number of banks in public sector are 26 i.e. SBI and its associates (6) & nationalized banks (20). IDBI bank ltd. which was earlier a new private sector bank now converted into public sector bank. Old private sector banks are 13, New private sector banks are 7 and foreign banks are 41 in number.

Review of Literature: The literature review section examines recent (or historically significant) research studies, company data or industry reports that act as a basis for the proposed study. It may also explain the need for the proposed work to appraise the shortcomings and informational gaps in secondary data sources.

▪ **Pal and Goyal (2008)** analyzed the cross relationship among various components of productivity like earning per employee, business per employee and profit per employee for public, private and foreign sector banks within India. It was concluded that the foreign sector banks were outstanding with their performance in all three parameters following by private sector banks and public sector banks.

▪ **Mittal Gupta and Dhingra (2010)** examined the relative performance of Public Sector Banks (PSBs) using Data Envelopment Analysis (DEA) from 2005-08. In the study CCR model with output orientation and BCC model with output orientation was applied to calculate the efficiency of each bank. It presented that average efficiency of PSBs was ninety percent for the year 2007-08. The study found that the banks improved their scale competence over the same period. It also concluded that banks can further improve their competitive position by improving the overall efficiency.

▪ **Prasad Ravinder and Reddy (2011)** made a study on the performance evaluation of the banking sector with the help of CAMEL model. They selected all public sector banks and thirteen private sector banks for the study. Data were collected for all twenty six public sector banks and thirteen private sector banks from 2006 to 2010. In the study first all banks were individually ranked based on sub-parameters of each parameter. The sum of these ranks was then taken to arrive at the group average of individual banks for each parameter. Finally the composite rankings for the banks

were arrived at after computing the average of these group averages. Banks were ranked in the ascending/descending order based on the individual sub-parameter. The study found that Karur vysya bank was at top position in terms of capital adequacy and asset quality. They also evaluated that in conditions of management efficiency Yes bank, in term of earning quality Axis bank and in context of liquidity BOB were at the top.

▪ **Kumar Harsha Anand and Dhruva (2012)** attempted a study on the performance evaluation of twelve public and private sector banks for a period of eleven years using CAMEL model. The ratios representing the CAMEL parameters were calculated. The group ranking for all the banks considered for the purpose of study is taken and averaged out to reach at the overall grand ranking.

▪ **Prasad and Ravinder (2012)** analysed the performance of twenty nationalised banks on the basis of CAMEL model. The period of the study ranged from 2005-06 to 2009-10. The study revealed that in terms of capital adequacy Canara Bank, in context of asset quality Andhra Bank & Bank of Baroda, in terms of

management efficiency Punjab and Sindh Bank, in terms of earnins quality Indian Bank and in liquidity position Bank of Baroda were at the top.

▪ **Kumar (2012)** examined the performance of State Bank of India and its Associates through CAMEL model. Various ratios were calculated to analyse the data collected from secondary sources i.e. from 1996-10 (fourteen years). The study revealed that SBI and its associate banks have succeeded in maintaining capital adequacy, management efficiency, earning quality and liquidity position. It suggested for improvement in the asset quality position of all the banks.

▪ **Soltani Esmaili Poor and Karami (2013)** evaluated the performance of Public sector banks and Private sector banks using CAMEL model. The study found a significant difference between the public sector banks and private sector banks in terms of liquidity position, earning performance and management quality. But the results of this study showed that there was no significant difference in the performance of public and private banks. It suggested private sector banks should improve its performance

Managerial Efficiency and Profitability Performance:

Table: Data for the financial year 2008

Public Sector Banks	Managerial Efficiency				Profitability Performance				Rank total	
	BPE	Rank	PPE	Rank	CAR	Rank	ROA	Rank	R	R^2
Allahabad Bank	60.4	11	0.49	6.5	11.99	13	1.32	3	33.5	1122.25
Andhra Bank	62.65	7	0.43	10	11.61	19	1.16	8	44	1936
Bank of Baroda	71	5	0.39	12	12.94	6	0.89	16.5	39.5	1560.25
Bank of India	65.2	6	0.5	5	12.04	12	1.25	7	30	900
Bank of Maharashtra	51.57	18	0.24	23	10.85	25	0.75	21.5	87.5	7656.25
Canara Bank	60.94	10	0.37	14.5	13.25	5	0.92	15	44.5	1980.25
Central Bank of India	40.1	26	0.16	26	9.39	26	0.54	25	103	10609
Corporation Bank	83.9	3	0.65	2	12.09	11	1.29	5	21	441
Dena Bank	55.9	16	0.36	17	11.09	23	1.06	11	67	4489
IDBI Bank Ltd.	180.92	1	0.89	1	11.95	15	0.67	24	41	1681
Indian Bank	48.8	21	0.49	6.5	12.74	7	1.64	1	35.5	1260.25
Indian Overseas Bank	58.27	14	0.48	8	11.93	16	1.3	4	42	1764
Oriental Bank of Commerce	92.44	2	0.58	3	12.12	10	1.02	12	27	729
Punjab and Sind Bank	46.69	22	0.42	11	11.57	20	1.49	2	55	3025
Punjab National Bank	50.45	19	0.37	14.5	13.46	4	1.15	9	46.5	2162.25
Syndicate Bank	58.6	13	0.32	21	11.82	17	0.88	18	69	4761
UCO Bank	58	15	0.18	25	11.02	24	0.52	26	90	8100
Union Bank of India	62	8	0.54	4	12.51	8.5	1.26	6	26.5	702.25
United Bank of India	46.3	23	0.2	24	11.24	21	0.68	23	91	8281
Vijaya Bank	61.27	9	0.33	19.5	11.22	22	0.75	21.5	72	5184
State Bank of India	45.6	24	0.37	14.5	13.54	2	1.01	13	53.5	2862.25
State Bank of Bikaner and Jaipur	44.55	25	0.27	22	12.51	8.5	0.87	19	74.5	5550.25
State Bank of Hyderabad	59.91	12	0.44	9	11.97	14	1	14	49	2401
State Bank of Mysore	49.5	20	0.33	19.5	11.73	18	1.08	10	67.5	4556.25
State Bank of Patiala	75.98	4	0.37	14.5	13.56	1	0.83	20	39.5	1560.25
State Bank of Travancore	55.87	17	0.34	18	13.53	3	0.89	16.5	54.5	2970.25
RANK TOTAL									1404	88244

Data for the financial year 2009

Public sector banks	Managerial efficiency				Profitability performance				Rank total	
	BPE	Rank	PPE	Rank	CAR	Rank	ROA	Rank	R	R^2
Allahabad Bank	70.6	14	0.38	18	13.11	16	0.9	17	65	4225
Andhra Bank	72.83	12	0.46	16	13.22	12	1.09	9.5	49.5	2450.25
Bank of Baroda	91.4	4	0.6	7	14.05	5	1.09	9.5	25.5	650.25
Bank of India	83.3	7	0.75	3	13.01	17	1.49	2	29	841
Bank of Maharashtra	63.6	20	0.28	22	12.05	23	0.72	21	86	7396
Canara Bank	78.02	8	0.51	10	14.1	4	1.06	11	33	1089
Central Bank of India	56.03	24	0.17	25	13.12	15	0.45	25	89	7921
Corporation Bank	104.9	3	0.76	2	13.61	9	1.24	6.5	20.5	420.25
Dena Bank	71.4	13	0.43	17	12.07	20	1.02	13	63	3069
IDBI Bank Ltd.	203.03	1	0.84	1	11.57	25	0.62	22	49	2401
Indian Bank	61.7	21	0.62	5.5	13.98	8	1.62	1	35.5	1260.25
Indian Overseas Bank	68.95	16	0.52	9	13.2	13	1.17	8	46	2116
Oriental Bank of Commerce	114.24	2	0.62	5.5	12.98	19	0.88	18	44.5	1980.25
Punjab and Sind Bank	65.6	18	0.5	11.5	14.35	2	1.24	6.5	38	1444
Punjab National Bank	65.49	19	0.56	8	14.03	6.5	1.39	3	36.5	1332.25
Syndicate Bank	75.07	10	0.36	19.5	12.7	22	0.81	20	71.5	5112.25
UCO Bank	73.2	11	0.24	23	11.93	24	0.59	23.5	81.5	6642.25
Union Bank of India	69.4	15	0.63	4	13.27	11	1.27	5	35	1225
United Bank of India	58.5	23	0.12	26	13.28	10	0.34	26	85	7225
Vijaya Bank	75.6	9	0.23	24	13.15	14	0.59	23.5	70.5	4970.25
State Bank of India	55.6	25	0.47	14.5	14.25	3	1.04	12	54.5	2970.25
State Bank of Bikaner and Jaipur	55.54	26	0.36	19.5	14.52	1	0.92	14	60.5	3660.25
State Bank of Hyderabad	83.98	6	0.49	13	11.53	26	0.91	15.5	60.5	3660.25
State Bank of Mysore	60.2	22	0.35	21	12.99	18	0.91	15.5	76.5	5852.25

State Bank of Patiala	91.02	5	0.47	14.5	12.6	21	0.83	19	59.5	3540.25
State Bank of Travancore	65.8	17	0.5	11.5	14.03	6.5	1.3	4	39	1521
Total									1404	84974.5

Data for the financial year 2010

Public sector banks	Managerial efficiency				Profitability performance				Rank total	
	BPE	Rank	PPE	Rank	CAR	Rank	ROA	Rank	R	R^2
Allahabad Bank	84.5	12	0.58	12	13.62	8	1.16	9	41	1681
Andhra Bank	93.9	8	0.7	9	13.93	6	1.39	3	26	676
Bank of Baroda	98.1	6	0.8	3	14.36	4	1.21	8	21	441
Bank of India	101.1	4	0.44	18.5	12.94	15	0.7	20.5	58	3364
Bank of Maharashtra	76.2	16	0.32	23.5	12.78	17	0.7	20.5	77	5929
Canara Bank	98.26	5	0.74	6.5	13.43	9	1.3	4	24.5	600.25
Central Bank of India	71.18	22	0.33	22	12.23	25	0.66	22	91	8281
Corporation Bank	126.87	3	0.95	1	15.37	1	1.28	5	10	100
Dena Bank	82.7	14	0.49	14	12.77	18	1.01	13	59	3481
IDBI Bank Ltd.	241.74	1	0.84	2	11.31	26	0.53	24.5	53.5	2862.25
Indian Bank	76.1	17	0.79	4	12.71	19	1.67	1	41	1681
Indian Overseas Bank	71.2	21	0.26	25	14.78	3	0.53	24.5	73.5	5402.25
Oriental Bank of Commerce	133.12	2	0.74	6.5	12.54	21	0.91	15	44.5	1980.25
Punjab and Sind Bank	96.3	7	0.6	10.5	13.1	14	1.05	11	42.5	1806.25
Punjab National Bank	80.8	15	0.73	8	14.16	5	1.44	2	30	900
Syndicate Bank	74.68	19	0.32	23.5	12.7	20	0.62	23	85.5	7310.25
UCO Bank	86.4	10	0.44	18.5	13.21	13	0.87	17	58.5	3422.25
Union Bank of India	85.3	11	0.75	5	12.51	22	1.25	7	45	2025
United Bank of India	71.4	20	0.21	26	12.8	16	0.45	26	88	7744
Vijaya Bank	83.6	13	0.45	16.5	12.5	23	0.76	19	71.5	5112.25
State Bank of India	63.6	25	0.45	16.5	13.39	10	0.88	16	67.5	4556.25
State Bank of Bikaner and Jaipur	62.8	26	0.4	21	13.3	11	0.93	14	72	5184
State Bank of Hyderabad	75.56	18	0.56	13	14.9	2	1.03	12	45	2025
State Bank of Mysore	67.2	24	0.43	20	12.42	24	1.06	10	78	6084

State Bank of Patiala	89.52	9	0.46	15	13.26	12	0.79	18	54	2916
State Bank of Travancore	69.6	23	0.6	10.5	13.74	7	1.26	6	46.5	2162.25
Total									1404	87726.5

Data for the financial year 2011

Public sector banks	Managerial efficiency				Profitability performance				Rank total	
	BPE	Rank	PPE	Rank	CAR	Rank	ROA	Rank	R	R^2
Allahabad Bank	106.3	11	0.67	12	12.96	18	1.11	9	50	2500
Andhra Bank	116.5	8	0.9	5.5	14.38	4	1.36	3	20.5	420.25
Bank of Baroda	122.9	5	1.1	2	14.52	3	1.33	5	15	225
Bank of India	128.4	4	0.62	14.5	12.17	23	0.82	17	58.5	3422.25
Bank of Maharashtra	82.5	23	0.24	26	13.35	15	0.47	26	90	8100
Canara Bank	119.91	6	0.98	4	15.38	1	1.42	2	13	169
Central Bank of India	83.52	22	0.4	22.5	11.64	26	0.7	23	93.5	8742.25
Corporation Bank	157.28	2	1.09	3	14.11	7	1.21	7	19	361
Dena Bank	107.7	9	0.62	14.5	13.41	13.5	1	13	50	2500
IDBI Bank Ltd.	234.64	1	1.19	1	13.64	11	0.73	19	32	1024
Indian Bank	93	17	0.89	7	13.56	12	1.53	1	37	1369
Indian Overseas Bank	100.5	15	0.42	20.5	14.55	2	0.71	21.5	59	3481
Oriental Bank of Commerce	141.8	3	0.9	5.5	14.23	6	1.03	11.5	26	676
Punjab and Sind Bank	119	7	0.6	16	12.94	20	0.9	15	58	3364
Punjab National Bank	101.78	14	0.84	8	12.42	22	1.34	4	48	2304
Syndicate Bank	87.54	20	0.4	22.5	13.04	17	0.76	18	77.5	6006.25
UCO Bank	106.9	10	0.42	20.5	13.71	10	0.66	24.5	65	4225
Union Bank of India	104.3	12	0.8	9.5	12.95	19	1.05	10	50.5	2550.25
United Bank of India	86	21	0.35	25	13.05	16	0.66	24.5	86.5	7482.25
Vijaya Bank	92.8	18	0.63	13	13.88	8	0.72	20	59	3481
State Bank of India	70.47	26	0.39	24	11.98	24	0.71	21.5	95.5	9120.25
State Bank of Bikaner and Jaipur	75.1	25	0.5	18.5	11.68	25	0.96	14	82.5	6806.25
State Bank of Hyderabad	103.77	13	0.79	11	14.25	5	1.22	6	35	1225
State Bank of Mysore	79.5	24	0.5	18.5	13.76	9	1.03	11.5	63	3969

State Bank of Patiala	95.63	16	0.52	17	13.41	13.5	0.88	16	62.5	3904.25
State Bank of Travancore	88.8	19	0.8	9.5	12.54	21	1.12	8	57.5	3306.25
total									1404	90733.5

Data for the financial year 2012

Public sector banks	Managerial efficiency				Profitability performance				Rank total	
	BPE	Rank	PPE	Rank	CAR	Rank	ROA	Rank	R	R^2
Allahabad Bank	121.7	10	0.84	7.5	12.83	14	1.02	8	39.5	1560.25
Andhra Bank	126.2	9	0.9	5	13.18	11	1.19	3.5	28.5	812.25
Bank of Baroda	146.6	3	1.2	2	14.67	1	1.24	2	8	64
Bank of India	136	6	0.64	11	11.95	24	0.72	16	57	3249
Bank of Maharashtra	96.7	22	0.31	25	12.43	19	0.55	24	90	8100
Canara Bank	137.44	5	0.82	9	13.76	4.5	0.95	10	28.5	812.25
Central Bank of India	86.16	24	0.15	26	12.4	20	0.26	26	96	9216
Corporation Bank	171.3	2	1.09	3	13	13	1.06	7	25	625
Dena Bank	128.4	8	0.79	10	11.51	26	1.08	6	50	2500
IDBI Bank Ltd.	238.71	1	1.32	1	14.58	2	0.82	13	17	289
Indian Bank	111.4	16	0.93	4	13.47	8	1.31	1	29	841
Indian Overseas Bank	117.6	11	0.38	24	13.32	9	0.52	25	69	4761
Oriental Bank of Commerce	146.22	4	0.62	12	12.69	15.5	0.67	19.5	51	2601
Punjab and Sind Bank	130.2	7	0.6	13.5	13.26	10	0.65	22.5	53	2809
Punjab National Bank	113.2	14	0.84	7.5	12.63	17	1.19	3.5	42	1764
Syndicate Bank	107.41	17	0.53	16.5	12.24	23	0.81	14	70.5	4970.25
UCO Bank	116.4	13	0.51	18	12.35	21	0.69	18	70	4900
Union Bank of India	107	18	0.6	13.5	11.85	25	0.79	15	71.5	5112.25
United Bank of India	97.1	21	0.41	22	12.69	15.5	0.7	17	75.5	5700.25
Vijaya Bank	112.8	15	0.5	19.5	13.06	12	0.66	21	67.5	4556.25

State Bank of India	79.84	26	0.53	16.5	13.86	3	0.88	12	57.5	3306.25
State Bank of Bikaner and Jaipur	82.7	25	0.5	19.5	13.76	4.5	0.99	9	58	3364
State Bank of Hyderabad	116.87	12	0.86	6	13.56	6	1.15	5	29	841
State Bank of Mysore	88.1	23	0.4	23	12.55	18	0.67	19.5	83.5	6972.25
State Bank of Patiala	105.57	20	0.59	15	12.3	22	0.93	11	68	4624
State Bank of Travancore	106.6	19	0.42	21	13.55	7	0.65	22.5	69.5	4830.25
total									1404	89180.5

Findings of the Study: Some the main findings of the study are:

As per evaluation of managerial efficiency and profitability parameters, in the financial year 2008, IDBI Bank Ltd. is at the top followed by Oriental Bank of Commerce in terms of business per employee. In terms of profit per employee IDBI bank Ltd. is on the top followed by Corporation Bank. The capital adequacy of State Bank of Patiala is at the top and Central Bank of India at the bottom. Return on assets of Indian Bank is at top and UCO Bank at the bottom.

In the financial year 2009, IDBI Bank Ltd. is at top in terms of business per employee and profit per employee. As far capital adequacy is concerned State Bank of Jaipur and Bikaner is at the top and State Bank of Hyderabad is at bottom. Indian Bank is at the top and Union Bank of India is at bottom in terms of returns on assets.

In the financial year 2010, based on the individual score obtained by the banks, IDBI Bank Ltd. is at the top and State Bank of Jaipur and Bikaner is at bottom in terms of business per employee. Corporation Bank is at the top in terms of profit per employee and capital adequacy, Indian Bank is at the top in terms of returns on assets.

In the financial year 2011, IDBI Bank Ltd. bank is at the top position in terms of business per employee and profit per employee. State Bank of India is at lowest position in terms of business per employee. Canara Bank gets 1st rank in terms of capital adequacy in this year. In terms of returns on assets Indian Bank is at the top and Bank of Maharashtra is at bottom.

In the financial year 2012, IDBI Bank Ltd. is at the top and State Bank of India is at bottom when the business per employee is concerned. In terms of Profit per employee, IDBI Bank Ltd. is at the top and Central Bank of India is at bottom position. Capital adequacy ratio of Bank of Baroda is best and Dena Bank has lowest capital adequacy in the year. In terms of returns on asset, Indian Bank is at the top and Central Bank of India is at bottom.

Overall Performance of the Banks:

On the basis of total score obtained by the banks in terms of managerial efficiency and profitability parameters, the calculated total rank shows that Corporation Bank is at the top position in the financial year 2008. Central Bank of India is at the lowest position followed by United Bank of India in this year.

In financial year 2009, on the basis of rank total Corporation Bank, Bank of Baroda and Bank of India is at the top three positions respectively. Central Bank of India and Bank of Maharashtra are at lowest position this year.

In financial year 2010, on the basis of rank total of all four parameters naming business per employee, profit per employee, capital adequacy ratio and returns on assets, Corporation Bank, Bank of Baroda, Canara Bank and are at the top position respectively. Central Bank of India and United Bank of India are bottom performers this year.

In the financial year 2011, Canara Bank, Bank of Baroda and Corporation Bank are at top three positions respectively on the basis of total rank of all parameters. State Bank of India and Central Bank of India are at the bottom.

In the financial year 2012, Bank of Baroda, IDBI Bank Ltd. and Corporation Bank are the top performers respectively in this year. Central Bank of India, Bank of Maharashtra and State Bank of Mysore are at lowest position respectively.

Suggestions:

- The banks should have to focus more on CRM. It will boost the customer satisfaction and maintain a sustained relationship with the customers in the long run and enhance the customer reliability.

- To develop social banking environment, the bank officials should maintain a good rapport with the customers.

- Public sector banks should significantly improve their allocational and operational efficiency and delivery models. It should be communicated at all levels. Customers and staff members of the banks should know all norms related to the allocational and delivery models.

- Public sector banks must learn to manage their non-performing assets more efficiently. Private sector banks are comparatively good in managing the non-performing assets. So Public Sector Banks should also do efforts to improve their performance in the context of NPAs.

- Public sector banks must significantly improve their risk assessment capability.

- In order to speed up the banking transactions of the customers, necessary steps should have to be initiated by the banks for creating awareness among the customers and to educate them regarding

the utilization of various e-banking services and facilities. The old private sector banks must possess a professional attitude, which was lacking in these banks.

Conclusion: To conclude the discussion we can say that economic development of any country is mainly influenced by the growth of the banking industry in that country. This study was conducted with the aim of evaluating the performance of all Public Sector Banks based on managerial efficiency and profitability. The comprehensive literature review and study of research background show better performance of public banks. It can be concluded from the above study that some of the banks are on the top correspondingly. IDBI Bank Ltd is on the top in most of the years. IDBI Bank is converted into public sector bank; earlier it was a private sector bank. It may be the reason for having top position among the all public sector banks. Managerial efficiency and Profitability performance are important tools to assess the relative financial strength of a bank and to suggest suitable measures to improve the weaknesses of a bank.

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