Comparative Analysis of Corporate Governance and Financial Performance of Indian Banking Sector: An Empirical Case Study of ICICI and SBI Bank

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With the expansion and growth of businesses the Corporate Governance has got the wide attention for disclosing more transparency and accountability. Corporate Governance (CG) is the system of structural, procedural, and cultural safeguards designed to ensure that an organization is run in long term interests of its stakeholders. The idea behind this research work is study the Genesis and concept of corporate governance with a special focus and emphasis to banks to make a comparative study between corporate governance practices adopted by SBI and ICICI. One the counterpart this study also focused to analyze the comparative financial performance of ICICI Bank and SBI Bank with special reference to liquidity position, solvency position and profitability position. Present study is basically empirical in nature which is based on secondary data. This study aims to analyze corporate governance structure and comparative financial performance analyses of ICICI Bank and SBI bank. The Researchers have taken financial data of five years from 31st March, 2012 to 31st March, 2018 for analyzing the Financial Performance of Banking Sector of India. In this study independent sample t-test was used for the testing of the hypotheses. Current ratio, Quick ratio, Debt-Equity ratio, Interest coverage ratio, Gross Profit ratio and Net Profit ratio are calculated for this purpose. The results of this indicate that the current ratio of SBI and ICICI was not recorded according to the standard norms of CR i.e. 2:1. On the other hand, in the case of SBI and ICICI, liquid ratio was recorded very high. The liquidity position of SBI and ICICI is not recorded in a sound manner. In respect of profitability position, it was found that the NPR of SBI recorded fluctuating trend. On the other hand ICICI bank maintains stability. The solvency position of the SBI and ICICI is recorded in a sound condition. And, DER and ICR maintain uniformity.

Keywords: Corporate Governance, Financial Performance, Current Ratio, Quick Ratio

INTRODUCTION

Nothing is permanent in their world except change. The globalization, liberalization and advancement in technology has led to a paradigm shift in the conduct of doing business. The term governance involves the use of political authority and exercise of control in relative to the management of its resources for attaining the worthy objectives of the organization. With drastic change in the business scenario and emergence of new provisions by world bodies, the concept of corporate governance is fast gathering steam. It gives emphasis on apt management and control structure of a corporate undertaking, power relations between various stake holders.

Corporate governance is gaining prominence in various national and international forums. The organization for economic co-operation and development has mentioned a set of corporate governance standards and guidelines to assist governments in their endeavors to assess and improvise overall frame work for corporate governance in their countries and to efficiently manage all those groups who have a role in the formulation of good corporate governance and practices.

Corporate governance takes into account the methodology in which the companies and is activities are governed by their boards of directors and how it affect banks from the point of view of banking industry contemporary practice papers issued by the basel committee underscore the requirement for banks to evolve plans for their executive and to fix responsibility for executing those plans.

Banking sector is backbone of an economy and essential for the survival of country. The finance collected from this sector works in economy as blood works in the body. The banking sector is characterized by various services such as account facility, ATM facility, loan facility, mutual fund facility and many other financial services. These services help a citizen to facilitate his/her work life and private life in many ways. In India the banking sector is witnessed various changes after liberalization and globalization. It was seen that after the after the reforms of 1991, many banks have entered in India. Moreover, it enhances the competition in the Indian banking sector. In the era of throat cut competition, it becomes significant to evaluate the financial performance of the banking sector of the India. Therefore, in this study one private bank i.e. ICICI and one public sector bank i.e. SBI have been taken to study the financial performance on the basis of ratio analysis and its comparison. Because, SBI is one of the leading public sector banks in India and ICICI is the second largest and leading bank of private sector in India.

In India the evolution of Corporate Governance took place in the year 1998. Many committees formed and issued various recommendations to comply with CG norms voluntarily like CII (Confederation of Indian Industry), Kumar Mangalam Birla Committee by SEBI, Naresh Chandra Committee, Narayan Murthy Committee, etc. Finally in the year 2001, SEBI (Securities & Exchange Board of India) mandated the recommendations given by Kumar Mangalam Birla Committee as a new CG Code of Conduct in the listing agreements with stock exchange, also known as Clause -49. So due to this, all companies in India shall have to comply with the provisions of Clause -49 of the listing Agreement.

GENESIS AND CONCEPT CORPORATE GOVERNANCE

Corporate governance is an age old concept which provides for a frame work for guidelines and transparent relationship between board of directors, shareholders and other stakeholders. Corporate Governance is gaining prominence in recent times because of mis-management of corporate undertakings and disillusionmentamong the stakeholders corporate governance is now a phenomenon for enhancing efficiency and eventually capital. from the banking perspective, corporate governance involves the way in which the functioning and affairs of individual institutions are governed by their boards of directors and senior management and how they impact the functioning of banks. It considers the interest of all the stakeholders. It aligns corporate activities and behaviour with the expectation that banks will operate in a sincere and efficient manner and in compliance with the pertinent and applicable laws and provisions and to protect the interests of depositors. The new rational practice papers issued by the basel committee highlight the need for banks to develop methodologies for their functioning and prescribe responsibility for implementing these methodologies. Effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole while there is no single approach to good corporate governance, the committee's revised principles provide a frame work within which banks and supervisors should operate to achieve robust and transparent risk management and decision making and, in doing so, promote public confidence and uphold the safety, security and vibrancy of the banking system.

REVIEW OF LITERATURE

Joshi, Ashish B., 2010, Ph. D. Thesis “A Study on Corporate Governance and the Financial Performance of Selected Indian Companies*”* in his thesis he has analyzed various techniques for measuring performance like, Ratio Analysis, Du-Pont Analysis, Comparative Statement Analysis, Time Series Analysis and Inter Firm Analysis. Various types of ratios are also discussed, including Liquidity Ratios, Leverage Ratios, Activity Ratios and Profitability Ratios. At last he has analysed the CG index score of BSE -90 companies of different sectors.

NidhiTyagi, Mohd. Atif, YusraNaseem”Corporate Governance Practices in India: A Comparative Study of Selected Banks” for such study they have selected four banks out of which two were public sector banks i.e., State Bank of India and Bank of India and the other two were private sector banks i.e., Housing Development Finance Corporation (HDFC Bank) and Industrial Credit and Investment Corporation of India (ICICI Bank). They concluded that Corporate Governance practices are more satisfactory in private sector banks as compared to public sector banks.

Priyankakaushik Sharma, Corporate Governance - A Comparative Study of Two Major Industries of India, analyzed the two major industries i.e., Auto Industry and Heavy Engineering Industry in India. For the purpose of analysis, various tools have been used in the study like percentage growth, Compound Annual Growth Rate, simple average, percentage, rank and Mann-Whitney U test. The study covers only listed companies of Automobile Sector and Heavy Engineering Sector. The sample size of the study is 19 companies, comprising 12 Auto Companies and 7 Heavy Engineering Companies. An effort was made to collect the data of sample companies over a period of five years (2003-04 to 2007-08).

PadminiSrinivasan and VasanthiSrinivasan,” Status of Corporate Governance Research on India: An Exploratory Study” This paper examined the status of corporate governance research on India in the Indian and International journals between the period 2000- 2010. The paper tried to understand the nature of global research on corporate governance in top tiered international journals reflects the growing interest in India and whether the research published in the top journals in India reflect the differences vis-a-vis the global discourse on corporate governance.

AnkitaAsthana and M.L. Dutt ”The Extent of Disclosure Code of Corporate Governance in India: A Comparative Study of Public and Private Sector Banks” this paper examined the disclosure practices which are mandatory and non-mandatory for the scheduled commercial banks listed at the stock market, but also examines the exemplary committees formed by banks both in public & private sector showing their inclination and intent towards forming additional corporate governance committees over and above the once which are recommended by SEBI & Reserve Bank of India(RBI) to curb frauds.

FINANCIAL PERFORMANCE

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms

Liquidity position

Liquidity refers to how easily assets can be converted into cash. Assets like stocks and bonds are very liquid since they can be converted to cash within days. However, large assets such as property, plant, and equipment are not as easily converted to cash. For example, your checking account is liquid, but if you owned land and needed to sell it, it may take weeks or months to liquidate it, making it less liquid. For this research the researcher collected the data of current ratio and quick ratio

Liquidity Ratios

Liquidity ratios are a class of financial metrics used to determine a debtor's ability to pay off current debt obligations without raising external capital. Liquidity ratios measure a company's ability to pay debt obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio and operating cash flow ratio.

Current liabilities are analyzed in relation to liquid assets to evaluate the coverage of short-term debts in an emergency.

Solvency vs. Liquidity

Solvency relates to a company's overall ability to pay debt obligations and continue business operations, while liquidity focuses more on current financial accounts. A company must have more total assets than total liabilities to be solvent and more current assets than current liabilities to be liquid. Although solvency does not relate directly to liquidity, liquidity ratios present a preliminary expectation regarding a company's solvency.

Solvency Ratio

Solvency ratio is a key metric used to measure an enterprise’s ability to meet its debt and other obligations. The solvency ratio indicates whether a company’s cash flow is sufficient to meet its short-term and long-term liabilities. The lower a company's solvency ratio, the greater the probability that it will default on its debt obligations.

The measure is usually calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{Net Income (or After-Tax Profit)} + \text{Depreciation}}{\text{Short-Term Liabilities} + \text{Long-term Liabilities}}$$

Profitability Ratios

Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings relative to its associated expenses. For most of these ratios, having a higher value relative to a competitor's ratio or relative to the same ratio from a previous period indicates that the company is doing well.

ICICI BANK PROFILE

ICICI Bank is India's largest private sector bank with total consolidated assets of Rs. 11,242.81 billion (US$ 172.5 billion) at March 31, 2018 and profit after tax of Rs. 67.77 billion (US$ 1.0 billion) for the year ended March 31, 2018. ICICI Bank currently has a network of 4,867 Branches and 14,367 ATMs across India.

History

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary.

ICICI Group Companies

ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its group companies.

Board of Directors

ICICI Bank's Board members include eminent individuals with a wealth of experience in international business, management consulting, banking and financial services.

Corporate Social Responsibility and objectives

ICICI Bank is deeply engaged in human and economic development at the national level. The Bank works closely with ICICI Foundation across diverse sectors and programs.

The objective of the Bank is to pro-actively support meaningful socio-economic development in India and enable a larger number of people to participate in and benefit from India's economic progress. This is based on the belief that growth and development are effective only when they result in wider access to opportunities and benefit a broader section of society. The aim is to identify critical areas of development that require investments and intervention, and which can help to realise India's potential for growth and prosperity. The Corporate Social Responsibility Policy (CSR Policy) of the Bank sets out the framework guiding the Bank's CSR activities. The Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities.

Corporate Governance in ICICI Bank-Introduction

The Corporate Governance framework at ICICI Bank lay emphasizes on adhering to Good Corporate Governance norms. And for its effective implementation Bank has an efficient Board which constitutes Independent Directors, the separation of the Board's supervisory role from the management and the structure based on Board Committees, which are chaired by independent Directors, tokeep an eye on significant issues.

Philosophy of Corporate Governance

ICICI Bank's Corporate Governance philosophy encapsulates regulatory, legal requirements and also several voluntary practices which aim at a high level of business ethics for safeguarding the interest of all related stakeholders. The Corporate Governance framework followed by the Bank also includes significant portion of the recommendations given by the Corporate Governance Enactments and initiating regulatory bodies.

Whistle Blower Policy

ICICI Bank has also introduced a Whistle Blower Policy. As per this policy, employees of ICICI group are free to raise issues related to accounting policies and procedures related to any area or item and report them back to the Audit Committee through specific channels. This system has been communicated to the employees through Bank's intranet.

Board of Directors

ICICI Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 1956 and listing agreements entered into with stock exchanges, and in accordance with good Corporate Governance practices. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has constituted ten committees, namely, Audit Committee, Board Governance, Remuneration & Nomination Committee, Corporate Social Responsibility Committee, Credit Committee, Customer Service Committee, Fraud Monitoring Committee, Information Technology Strategy Committee, Risk Committee, Share Transfer &Shareholders'/Investors' Grievance Committee and Committee of Executive Directors. These Board Committees other than the Committee of Executive Directors currently consist of majority of independent Directors and most of the Committees are chaired by independent Directors.

SBI BANK PROFILE

State Bank of India (SBI) Group is the biggest financial services conglomerate in India. Headquartered in Mumbai, SBI provides a wide range of products and services to individuals, commercial enterprises, large corporates, public bodies and institutional customers through its various branches and outlets, joint ventures, subsidiaries and associate companies. The Group comprises of State Bank of India (SBI), its various non-banking subsidiaries/ joint ventures, and foreign banking subsidiaries/ joint ventures.

SBI, the flagship company of the group, traces its ancestry to Bank of Calcutta founded in 1806. It was the first bank established in India, and over a period of time, evolved into State Bank of India (SBI). SBI represents a sterling legacy of over 200 years. It is the oldest commercial bank in the Indian subcontinent, strengthening the nation's trillion-dollar economy and serving the aspirations of its vast population. The Bank is India's largest commercial Bank in terms of assets, deposits, branches, number of customers and employees, enjoying the faith of millions of customers across the social spectrum.

A Fortune 500 company, SBI has entered into the league of top 50 global banks with a balance sheet size of over Rs 30 lakh crore, over 24,000 branches and 59,000+ ATMs serving over 42 crore customers after the merger of its five Associate Banks and BharatiyaMahila Bank on 1st

April 2017. SBI has an overseas presence through 195 foreign offices spread across 36 Countries.

What these impressive figures do not reveal is the tremendous trust Indians repose on the Bank. SBI has been the most trusted brand on the banking horizon in India. The Bank believes that it owes a solemn duty to the less fortunate and underprivileged members of the society to make sustainable social change in their lives.

The Bank has always placed the interest of the common man at its core. SBI has thoughtfully designed products and services to meet all the needs of the financial life cycle of an average Indian. Bank's customized savings products are very good options for young adults to build a corpus for themselves and their children. The variety of Home Loan products offered at very affordable prices, personal loans, car loans, debit and credit cards and travel cards cater to lifestyle improvement needs. While Education Loans ensure smooth completion of technical or higher education in India and abroad, the range of Health Insurance options provide reliable protection for aging parents and also the whole family. From vehicle and home insurance to demat accounts and wealth management, from precious metals to private banking, SBI is at your beck and call to cater to your needs, on its own and through the group companies.

On the technology front, SBI has expanded the digital base of the Bank manifold in recent years. It plays a vital role in making the Government of India's Digital India initiative a reality. SBI has always been on the forefront to embrace changes without losing sight of its credos like transparency, sustainability, social responsibility and customer service.

Corporate Governance Practices in SBI

State Bank of India has been committed to the best practices in the area of Corporate Governance. The Bank states that good Corporate Governance is complying with legal, regulatory requirements as well as Good governance that facilitates effective management and control of business, enables the Bank to maintain a high level of business ethics and to enhance the value for all of its stakeholders.

The objectives of bank in relation to Corporate Governance have been summarized below:

• To shield and enhance shareholder worth.

• To safeguard the interest of all other stakeholders such as customers, employees and society at large.

• To ensure transparency and integrity in all the banking transactions.

OBJECTIVES OF THE STUDY

- To study the corporate governance structure of ICICI Bank and SBI Bank
- To study the Genesis and concept of corporate governance with a special focus and emphasis to banks.
- To make a comparative study between corporate governance practices adopted by SBI and ICICI.
- To analyze the comparative financial performance of ICICI Bank and SBI Bank with special reference to liquidity position, solvency position and profitability position.

HYPOTHESES OF THE STUDY

H_{01}: There is no significant difference between the current ratio of SBI and ICICI.

H_{02}: There is no significant difference between the liquid ratio of SBI and ICICI.

H_{03}: There is no significant difference between the debt equity of SBI and ICICI.

H_{04}: There is no significant difference between the interest coverage ratio of SBI and ICICI.

H_{05}: There is no significant difference between the net profit ratio of SBI and ICICI.

RESEARCH METHODOLOGY

Present study is basically empirical in nature which is based on secondary data. This study aims to analyze corporate governance structure and comparative financial performance analyses of ICICI Bank and SBI bank. The Researchers have taken financial data of five years from 31st March, 2012 to 31st March, 2018 for analyzing the Financial Performance of Banking Sector of India. In this study independent sample t-test was used for the testing of the hypotheses. In order to measure the comparative study between SBI and ICICI, researcher has taken current ratio, quick ratio, debt-equity ratio, interest coverage ratio, gross profit ratio and net profit ratio. The collected secondary data in form of various ratios are under stated of ICICI Bank and SBI Bank:

Table – 1: Financial Ratios of ICICI Bank

Year	Current Ratio	Quick Ratio	Net Profit Ratio	Debt Equity Ratio	Interest Coverage Ratio
2012	.07	16.71	19.27	6.55	1.48
2013	.09	10.53	20.77	6.57	1.52
2014	.09	11.31	22.20	6.65	1.65
2015	.06	13.81	22.76	6.64	1.68
2016	.13	14.97	18.44	6.86	1.78
2017	.12	16.31	18.09	6.58	1.84
2018	.12	20.44	12.33	7.28	1.80
Average	0.097143	14.86857	19.12286	6.732857	1.678571

Source - https://www.moneycontrol.com/financials/icici%20bank/ratios/ICI02

Table – 2: Financial Ratios of SBI Bank

Year	Current Ratio	Quick Ratio	Net Profit Ratio	Debt Equity Ratio	Interest Coverage Ratio
2012	.05	12.05	10.99	13.94	1.52
2013	.04	12.15	11.78	13.87	1.43
2014	.03	13.88	7.98	13.34	1.38
2015	.04	10.78	8.59	13.87	1.41
2016	.07	10.84	6.07	13.55	1.42
2017	.07	11.94	5.97	15.08	1.47
2018	.08	13.83	-2.96	15.79	1.43
Average	**0.054286**	**12.21**	**6.917143**	**14.20571**	**1.437143**

https://www.moneycontrol.com/stocks/company_info/print_main.php

ANALYSIS AND COMPARISON OF CORPORATE GOVERNANCE PRACTICES IN ICICI BANK AND SBI

Concept of Corporate Governance has equal importance in Public as well as Private Sector Banks. Codes are explicitly defined for Corporate Governance and reports are mentioned in annual reports, however only few of the banks adhere to it practically. Disclosures of financial and non-financial data is one of the most essential aspects of Corporate Governance but it has been found that only few banks are disclosing appropriate information to all the related stakeholders.

1. The frequency at which the board at which SBI met is higher than ICICI Bank Ltd.

2. The statistics of directors' attendance in the ICICI Bank's Board is marginally better than SBI.

The vision and mission of SBI mentions that it is committed to the best practices in the domain of corporate governance and through which it can maintain a high level of business ethics and to earn the good will of all stake holders. The Bank's commitment to corporate governance is obvious through its governance objectives such as transparency, integrity and accountability.

3. ICICI Bank Ltd has incorporated conventions of best practices in corporate governance. The corporate governance structure is based on an efficient independent board, whistle blower polity and tab in is den trading.

4. Both SBI and ICICI Bank adhered to the principles of corporate governance by having different persons for positions of CEO and chairman.

5. The positions like independent director, financial expert and their selection criteria have not been not been defined by both the banks.

HYPOTHESES TESTING AND GRAPHICAL PRESENTATION

Testing of Hypothesis H01 To test H_{01} (There is no significant difference between the current ratio of ICICI Bank and SBI bank), the researcher analyze data using independent sample t-test at a given level of 0.05 level of significance. A graph representation of current ratio of both the bank was also given for better understanding.

Figure – 1: Comparative Current Ratio Analyses of ICICI Bank and SBI Bank

Data computation results for hypothesis H_{01}under stated

Table – 3 : Group Statistics for H_{01}

	Group	N	Mean	Std. Deviation	Std. Error Mean
Score	ICICI	7	.0971	.02690	.01017
	SBI	7	.0543	.01902	.00719

Table – 4 :* Independent Samples Test*for H_{01}

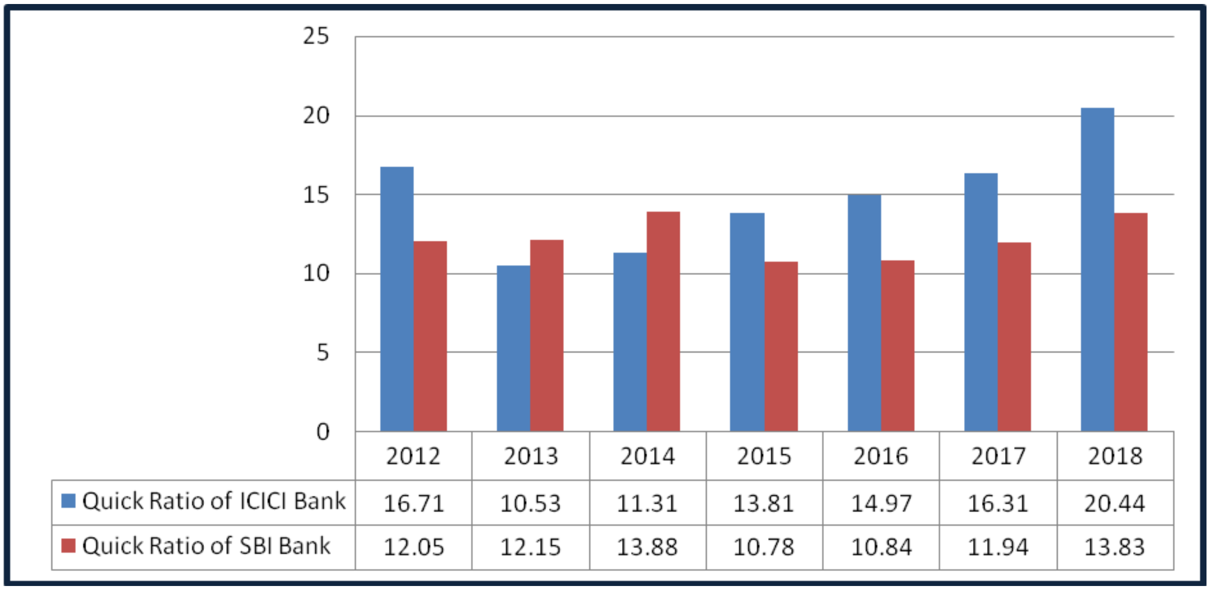
		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Score	Equal variances assumed	3.441	12	.005	.04286	.01245
	Equal variances not assumed	3.441	10.800	.006	.04286	.01245

The calculated valueof independent sample t-test is 3.441 which is greater than the tabular value for given level of sample size. Hence H01 is rejected

Thus the researcher rejects the null hypothesis and concludes that there is a significant difference between the current ratio of ICICI bank and SBI bank.This indicates that the current ratio of ICICI bank remains higher than the SBI bank.

Testing of Hypothesis H_{02} - To test H_{02} (There is no significant difference between the quick ratio of ICICI Bank and SBI Bank), the researcher analyze data using independent sample t-test at a given level of 0.05 level of significance. A graph representation of net profit ratio of both the bank was also given for better understanding.

Figure - 2: Comparative Quick Ratio Analyses of ICICI Bank and SBI Bank



Data computation results for hypothesis $H_{02}$is under stated

Table – 5 : Group Statistics for H_{02}

	Group	N	Mean	Std. Deviation	Std. Error Mean
Score	ICICI	7	14.8686	3.39428	1.28292
	SBI	7	12.2100	1.25414	.47402

Table – 6 :* Independent Samples Test *for H_{02}

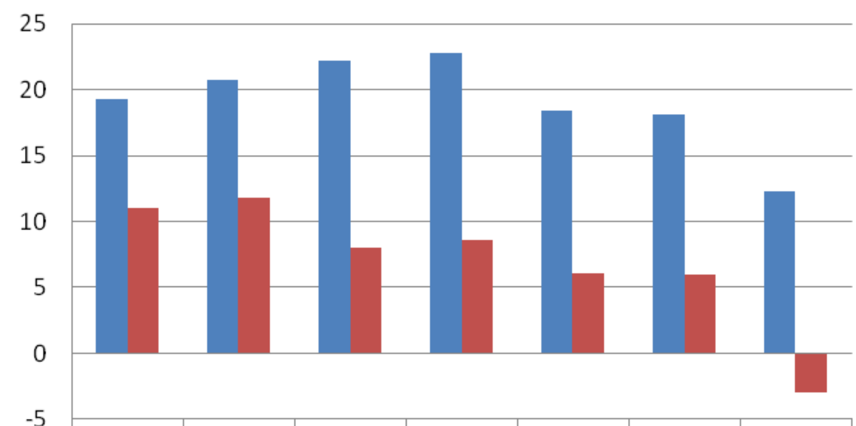
		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Score	Equal variances assumed	1.944	12	.076	2.65857	1.36769
	Equal variances not assumed	1.944	7.608	.090	2.65857	1.36769

The calculated value of independent sample t-test is 1.944 which is less than the tabular value for given level of sample size. Hence H_{02} is accepted.

Thus the researcher accepts the null hypothesis and concludes that there is no significant difference between the quick ratio of ICICI bank and SBI bank.

Testing of Hypothesis H_{03} - To test H_{03} (There is no significant difference between the net profit ratio of ICICI Bank and SBI Bank), the researcher analyze data using independent sample t-test at a given level of 0.05 level of significance. A graph representation of net profit ratio of both the bank was also given for better understanding.

Figure– 3: Comparative Net Profit Ratio Analyses of ICICI Bank and SBI Bank



	2012	2013	2014	2015	2016	2017	2018
Net Profit Ratio of ICICI Bank	19.27	20.77	22.2	22.76	18.44	18.09	12.33
Net Profit Ratio of SBI Bank	10.99	11.78	7.98	8.59	6.07	5.97	-2.96

Data computation results for hypothesis H_{03}under stated

Table – 7 : Group Statistics for H_{03}

	Group	N	Mean	Std. Deviation	Std. Error Mean
Score	ICICI	7	19.1229	3.49066	1.31935
	SBI	7	6.9171	4.88768	1.84737

Table – 8 :* Independent Samples Test *for H_{03}

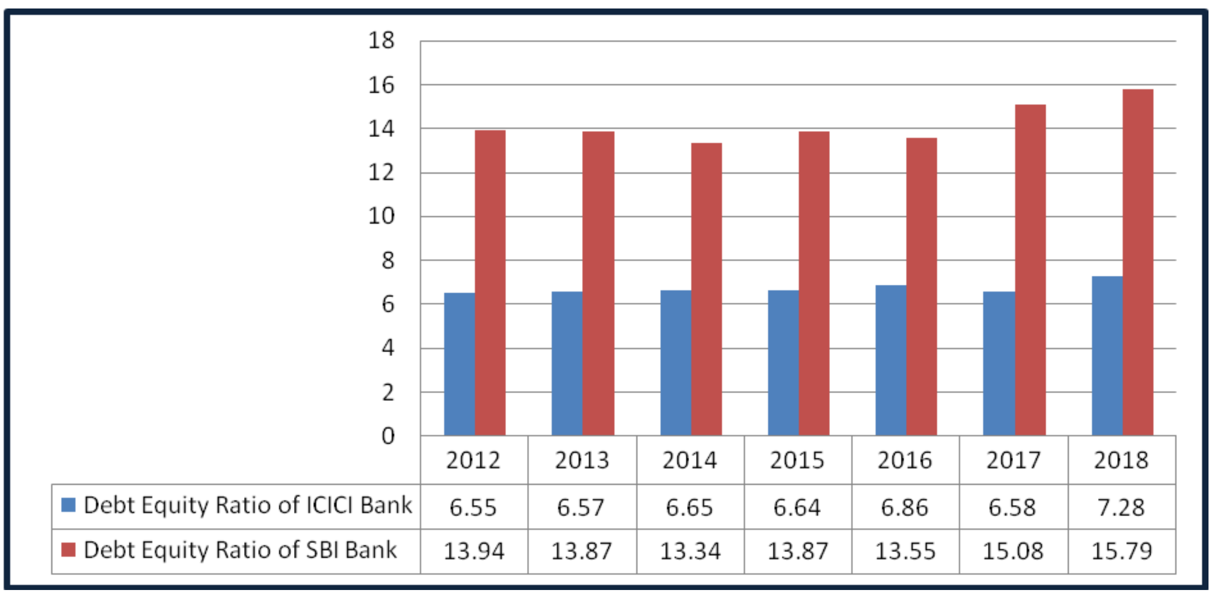
		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Score	Equal variances assumed	5.377	12	.000	12.20571	2.27012
	Equal variances not assumed	5.377	10.857	.000	12.20571	2.27012

The calculated value of independent sample t-test is 5.377 which isgreater than the tabular value for given level of sample size. Hence H_{03} is rejected.

Thus the researcher rejects the null hypothesis and concludes that there is a significant difference between the net profit ratio of ICICI bank and SBI bank. This indicates that the net profit of ICICI bank remains higher than the SBI bank.

Testing of Hypothesis H_{04} - To test H_{04} (There is no significant difference between the debt equity ratio of ICICI Bank and SBI Bank), the researcher analyze data using independent sample t-test at a given level of 0.05 level of significance. A graph representation of debt equity ratio of both the bank was also given for better understanding.

Figure – 4: Comparative Debt Equity Ratio Analyses of ICICI Bank and SBI Bank



Data computation results for hypothesis H_{04}under stated

Table – 9 : Group Statistics for H_{04}

	Group	N	Mean	Std. Deviation	Std. Error Mean
Score	ICICI	7	6.7329	.26279	.09932
	SBI	7	14.2057	.88974	.33629

Table – 10: Independent Samples Test for H_{04}

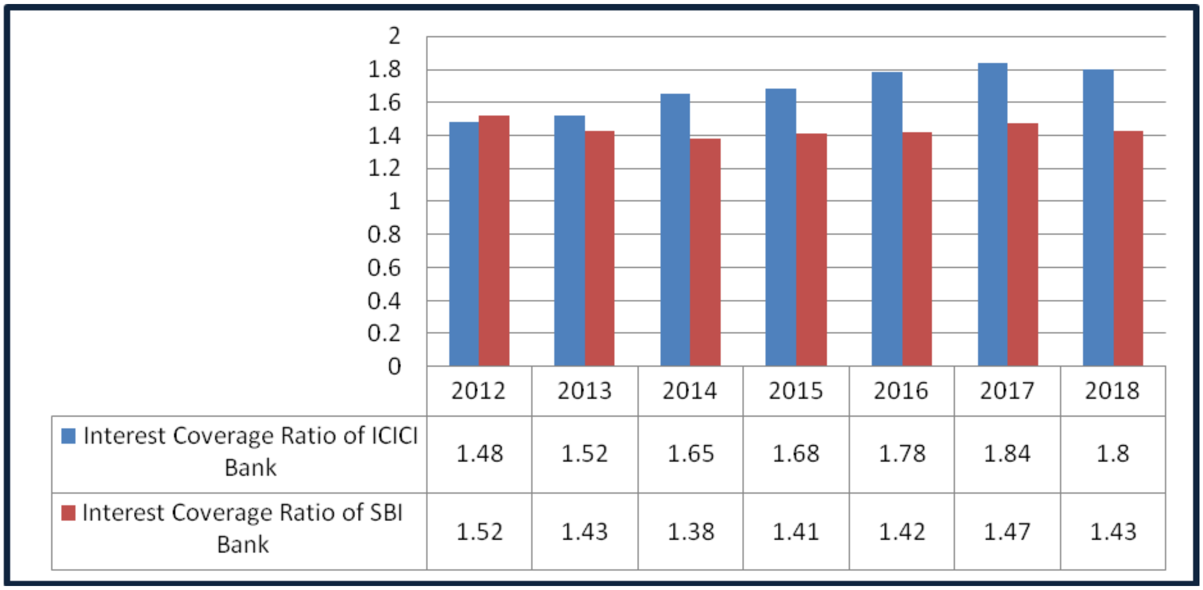
		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Score	Equal variances assumed	-21.311	12	.000	-7.47286	.35065
	Equal variances not assumed	-21.311	7.039	.000	-7.47286	.35065

The calculated value of independent sample t-test is -21.311 at .000 significance value. Hence H_{04} is rejected.

Thus the researcher rejects the null hypothesis and concludes that there is a significant difference between the debt equity ratio of SBI bank and ICICI bank. This indicates that the debt equity ratio of ICICI bank remains lesser than the SBI bank.

Testing of Hypothesis H_{05} - To test H_{05} (There is no significant difference between the interest coverage ratio of ICICI Bank and SBI Bank), the researcher analyze data using independent sample t-test at a given level of 0.05 level of significance. A graph representation of interest coverage ratio of both the bank was also given for better understanding.

Figure – 5: Comparative Interest Coverage Ratio Analyses of ICICI Bank and SBI Bank



Data computation results for hypothesis H_{05}under stated

Table – 11 : Group Statistics for H_{05}

	Group	N	Mean	Std. Deviation	Std. Error Mean
Score	ICICI	7	1.6786	.13934	.05266
	SBI	7	1.4371	.04536	.01714

Table – 12 :* Independent Samples Test *for H_{05}

		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Score	Equal variances assumed	4.359	12	.001	.24143	.05538
	Equal variances not assumed	4.359	7.257	.003	.24143	.05538

The calculated value of independent sample t-test is 4.359 at .001 significance value which is greater than the tabular value for given level of sample size. Hence H_{05} is rejected.

Thus the researcher rejects the null hypothesis and concludes that there is a significant difference between the interest coverage ratio of ICICI bank and SBI bank. This indicates that the debt coverage ratio of ICICI bank remains higher than the SBI bank.

CONCLUSION

- The frequency at which the board at which SBI met is higher than ICICI Bank Ltd.
- The statistics of directors' attendance in the ICICI Bank's Board is marginally better than SBI.
- The vision and mission of SBI mentions that it is committed to the best practices in the domain of corporate governance and through which it can maintain a high level of business ethics and to earn the good will of all stake holders. The Bank's commitment to corporate governance is obvious through its governance objectives such as transparency, integrity and accountability.
- ICICI Bank Ltd has incorporated conventions of best practices in corporate governance. The corporate governance structure is based on an efficient independent board, whistle blower polity and tab in is den trading.
- Both SBI and ICICI Bank adhered to the principles of corporate governance by having different persons for positions of CEO and chairman.
- The positions like independent director, financial expert and their selection criteria have not been not been defined by both the banks.
- The current ratio of SBI and ICICI was not recorded according to the standard norms of CR i.e. 2:1. On the other hand, in the case of SBI and ICICI, liquid ratio was recorded very high. The liquidity position of SBI and ICICI is not recorded in a sound manner.
- In respect of profitability position, it was found that the NPR of SBI recorded fluctuating trend and in the current year i.e 2018 the SBI is suffering from loss. On the other hand

ICICI bank maintains stability in profitability. The solvency position of the SBI and ICICI is recorded in a sound condition. And, DER and ICR maintain uniformity.

- In respect of hypotheses testing, it was found that except H_{02}, rest of the hypotheses have been rejected, which indicates that there is significance difference between current ratio, net profit ratio, debt equity ratio and interest coverage ratio of ICICI bank and SBI bank.

SUGGESTIONS OF THE STUDY

In order to improve the financial positions of the banks few suggestions are underlined:

a) The SBI and ICICI should improve their liquidity positions either increase current assets or reduce current liabilities.

b) In respect of profitability position, it was found that the NPR of SBI recorded fluctuating trend. Therefore, SBI may focus on to improve NPR by way of reducing indirect expenses.

Abbreviations

CR = Current Ratio

LR = Liquid Ratio

NPR = Net Profit Ratio

DER = Debt Equity Ratio

ICR = Interest Coverage Ratio

SBI = State Bank of India

ICICI = Industrial Credit and Investment Corporation of India

SPSS = Statistical Packages for the Social Sciences

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