



COMPARATIVE FINANCE PERFORMANCE OF ICICI AND HDFC BANK



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ABSTRACT

The nationalization phase of early 1970s brought some of the elite banks under the government's control. The next decade heralded the second phase of nationalization with the merging of old private sector banks. The 1990s saw partial liberalization of the banking industry and the emergence of new private sector banks as well as international banks. During the next few years, fears of liberalization were put to rest and in the past decade the banking system in India indigenous banking is many centuries old when sahumars and bankers used to get deposits from the public and used to provide loans to those who needed funds on credit. Modern era is the era of specialization and banking management is no exception to it. There are different kinds of banks to cater to varying needs of multiple segments of businessmen, industrialists, farmers, co-operative societies and general public. In this time various private banks are growing and motivate the customers for his complete necessities. According to customer's government and private banks give maximum facilities for his financial support, so this time ICICI and HDFC bank those are banks very successful bank.

KEY WORDS: Private sector banks, Liberalization, ICICI and HDFC Bank, Financial.

INTRODUCTION

In India system of banking are many centuries old when indigenous bankers were accepting deposits, providing loans, transferring money and were accepting gold for safe custody. Banking is a big service industry in India. There has been a rapid development of banking facilities and branches during last so many years. A large number of people have started operating their accounts in banks. Continued development has been observed since the development of the banking system in India till the date. With the help of newly developed banking system, this arrangement has become more effective and strong. Present time is a modern time, everyone goes fastly. The banking industry has shown tremendous growth in volume

and Complexity during the last few decades despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services or a bank in a financial institution that provides banking and other financial services to their customers. As banking services are in the nature of public good, it is the prime objective of the public policy. In this time all over banks give facilities for public but ICICI and HDFC (Private Banks) those banks are largest bank in India they give him financial support and services in all areas for our life.

BANKING SERVICES IN INDIA

Banking services in India are now going through a phase of improvement with globalization and liberalization, money of the big names in banking industry have started their operations in India banking market. The banking services are now for better and quicker with the prevalence's of services like internet banking one can access the account at any point of time from any location. Indian banking sectors is divided into two major section government owned bank and private banks. The major share of the banking market is been hold by the government owned banks. The Private banking sectors have really improved the banking services in India. Private banking provides better and proactive information about banking products, which helps the customer to have better understanding of their accounts and investments.

Meaning of Banking System:-

Banking system there has been a rapid development in the banking intuitions in various countries, with development, various systems of banking have come into existence. Bank can be classified on the basis of volume of operator business pattern is areas of operations.

Definition of Banking:-

A bank is an institution which accepts deposits from the general public and extends loans to the householders the firm and the government. Banks are those institutions which operate the money. Thus, they are money traders with the process of development, functions of banks are also increasing and diversifying. Now, the banks are not nearly the traders of money, the also create credit. Their activities are increasing and diversifying.

British Bills of exchange Act, 1982 "Bankers includes group of persons, whether they are incorporated or not, who do banking business."

Banking regulation act-1949 defines banking as "Accepting for the prepare of lending and investment of Deposits of money from the public, Repayable on Demand or otherwise by Cheque, Draft, Order or otherwise."

Need of the Bank:-

Before the establishment of banks the financial activities were handled by money lenders and individuals. At the time the rates were very high. Again there were no security of public saving and no uniformity regarding loans. So as to overcome such problems the organized banking sections were established which was regulated by the government.

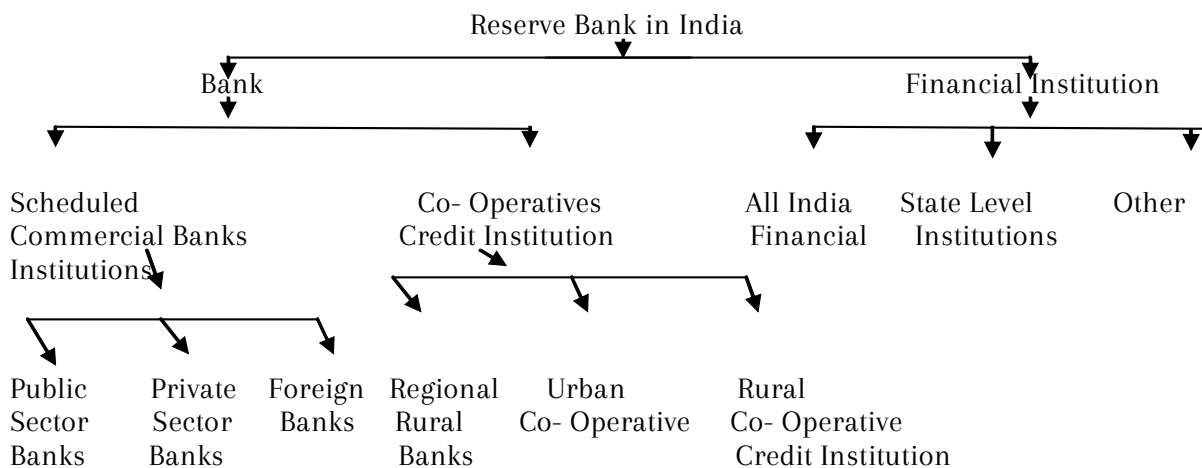
The following function of the bank explains the need of the bank and its importance.

- To provide the security to the savings of customers.
- To control the supply of money and credit.
- To encourage public confidence in the working of the financial systems, increase saving speedily and efficiently.
- To avoid focus of financial power in the hands of a few individuals and instruction.
- To set equal norms and conditions to all types of customers.

BANKING STRUCTURE IN INDIA

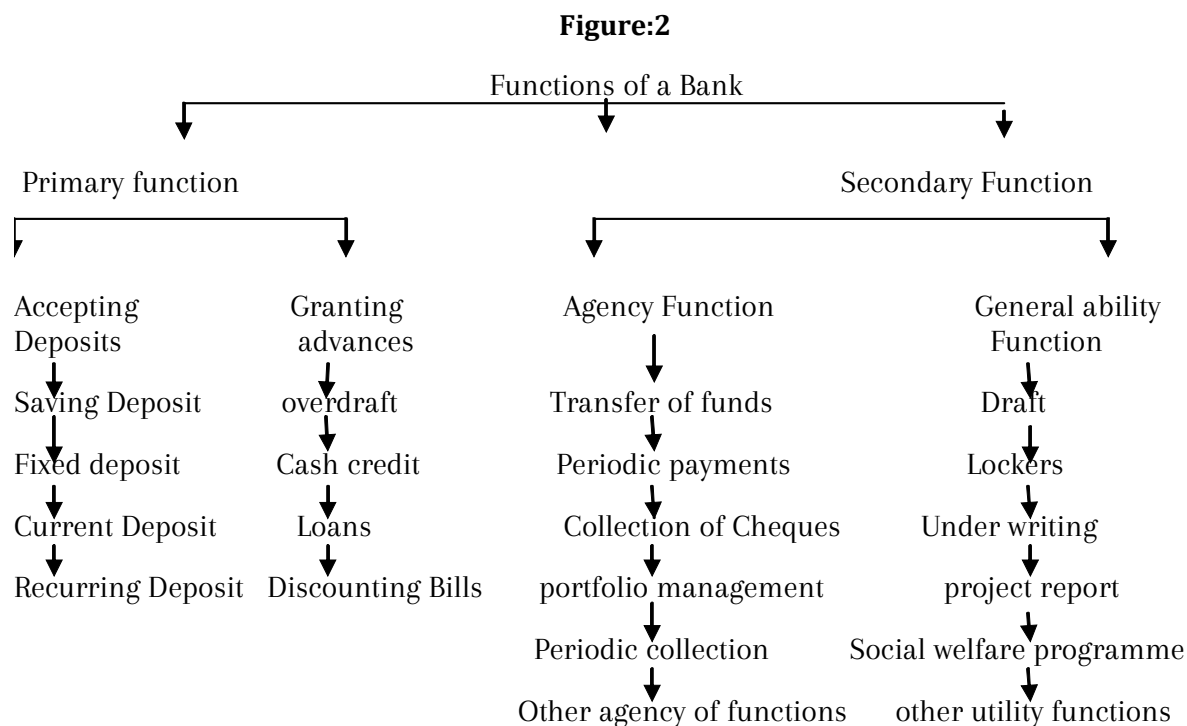
Structure of Indian banking system has been depicted in the chart given blow:

Figure:1



FUNCTION OF BANKS

The functions of the banks are briefly highlighted in following Diagram or Chart:



NEED AND IMPORTANCE OF THE STUDY

Financial inclusions will vary depending on the nature and intent services denied. Banking services make necessity for every person. When any person suffer from financial problems or other problems or other necessity take this banking services. When the small business may suffer due to loss of access to middle class and higher income consumer, hinges Cash handling costs, delays in remittances of money. According to certain researches, financial inclusion can lead to social inclusion, banking sector has become very large and important sector. There are several tender and procurements notice floated banks, banking system also regarded as a system provided by the bank which offers cash management services for customers, reporting the transition of their account and portfolio, throughout the day.

OBJECTIVES OF THE STUDY

- To study the banking services of ICICI and HDFC bank.
- Progressive situation of ICICI and HDFC bank.
- To study the ICICI and HDFC banking services provides benefits in all areas.
- Comparative study of the ICICI and HDFC banks.

METHODOLOGY

The study is based on secondary data collection from other sources.

SCOPE OF THE STUDY

In this study focused only ICICI & HDFC bank and his comparative study of financial performance.

HISTORY OF ICICI BANK

ICICI Bank is an Indian multinational banking and financial services company headquartered in Mumbai, Maharashtra, India. As of 2014, it is the second largest bank in India in terms of assets and market capitalization. It offers a wide range of banking product and financial services for corporate and retail customers through a variety of delivery channels. The bank has a network of 4050 branches in India, and has a presence in 17 countries including India. ICICI bank is one of the four banks of India, along with state bank of India, Punjab National bank and Bank of Baroda. The bank has subsidiaries in the United Kingdom and Canada: branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar, Dubai International finance centre and China, and representative offices in United Arab Emirates, South Africa, Bangladesh, Malaysia and Indonesia.

This Corporation was established on recommendations of a mission from World Bank with the objective to ensure development of small and medium

scale industries in India. This corporation was established in January, 1955 in the form of Private Limited Company. On 1st April, 1966 Government of India merged ICICI with shipping credit and Investment Company of India. This company used to provide finance for modes of conveyance by sea. It is worth mentioning here that since the year this company ICICI bank and the merge were approved by the Reserve Bank of India, this corporation has no longer remained a Development Finance Organization.

Objectives of ICICI are:-

1. To estimate the promotion of new industries.
2. To assist the expansion and modernization of existing industries.
3. To increase production
4. To increase employment opportunities.

HISTORY OF HDFC BANK

HDFC bank limited is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. Incorporated in 1994, it is the fifth largest

bank in India as measured by assets. It is the largest private sector bank in India by market capitalization as of February 2014. The bank was promoted by the Housing Development finance corporation, a premier housing finance company (set up in 1977) of India. HDFC bank ranked 32nd among India’s trusted brands. HDFC was ranked 45th on the list of top 50 banks in the world in terms of their market capitalization. As of 31 March 2013, the bank had assets of INR 4.08 trillion. For the fiscal year 2012-12, the bank has reported the profit of INR 69 billion, up 31% from the previous fiscal year. Its customer base stood at 28.7 million customers on 31 March 2013.

Hasmukh Bhai Parekh was the founder of HDFC bank, in 1956 he began his financial affairs, and in 1992 government in India honored him with Padam Bhushan. In 1994 he abode the earth.

PRODUCT/ SERVICES OF ICICI AND HDFC BANK

Various product and services provided by banks are briefly highlighted in following Diagram or Chart:

Product/ Services of ICICI Bank:-

Figure:3

Product/ Services	Saving accounts, Family wealth account, Home loans, Foreign exchange services, I mobile wealth, Car loans, Lockers, Demat account.
Insurance and Risk Protection	Life Insurance and General Insurance
Funds and Investment	Mutual Funds- Portfolio management, Alternative Investment and Deposits. Green product and services-Instabanking, Vehicle, Finance services etc.
Product/ Services	Internet, Trade, personal and privilege banking, Products services, Merchant foreign exchangeservices, ICICI bank customer services, NRI services.

Product/ Services of HDFC Bank:-

Figure:4

Personal banking	Accounts /deposits, Loan, Card, Demat, Investment, Insurance, Foxex, Premium, Private banking.
NRI banking	Accounts /deposits, Money transfer, Investment and insurance, Research reports, Loan, Payment services and premium banking.
SME banking	Accounts /deposits, Business financing, Trade services, Payment and collections, Card services, whole banking services, Retail banking services and treasury.



COMPARATIVE FINANCE PERFORMANCE OF ICICI AND HDFC BANK

Table: 1

YEAR	ICICI BANK	HDFC BANK
March 2003	345.49	30.49
March 2004	37.17	31.45
March 2005	14.59	30.63
March 2006	32.54	30.83
March 2007	9.77	30.56
March 2008	18.3	39.25
March 2009	8.48	41.45
March 2010	43.32	34.67
March 2011	30.45	32.47

Note: The figures are Net Profit Growth (%)

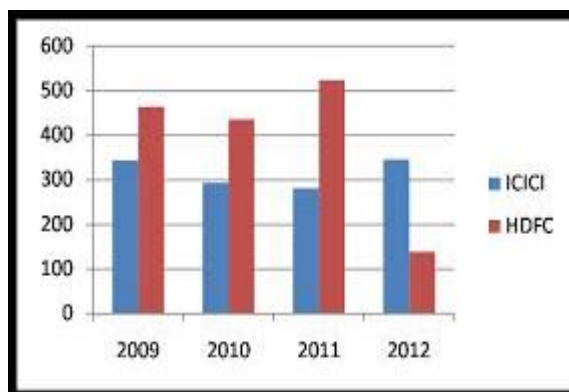
Source: Google.co.in

GROWTH OF ICICI & HDFC BANKS

HDFC Bank pips ICICI Bank 2008-2012



Graph:1

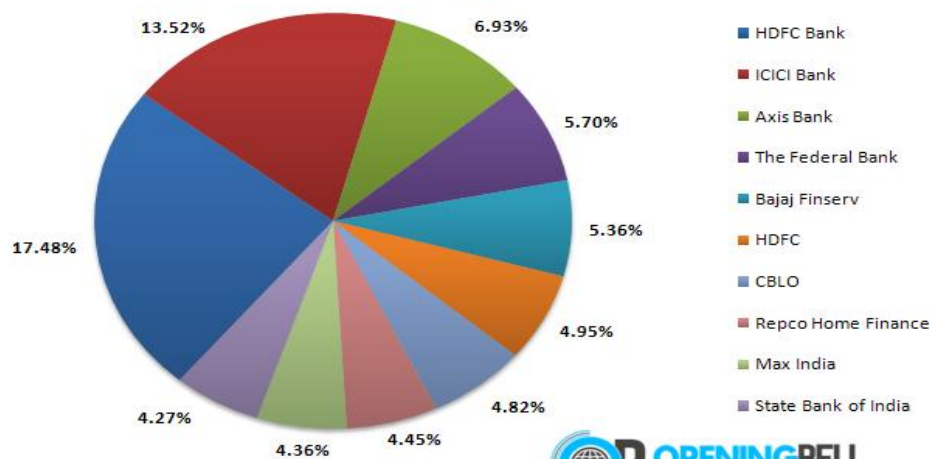


Graph:2

Source: www.statistical data of banks.in

Figure:5

Fund Holdings : ICICI Pru Banking & Fin Services Fund



Source: www.icicipruamc.com



LIMITATION OF THE STUDY

- In this study not included other banks.
- This study depended only ICICI and HDFC bank.
- In this study based only comparative data of ICICI and HDFC bank.
- In this study not included other bank's facilities.

SUGGESTIONS

- Rural penetration is low.
- Lesser number of branches when compared with other competitors.
- Make the banking process easily for customers.

CONCLUSION

Present time is this time every person wish money saving. So he choose banks financial inclusion will require a holistic approach on the part of the banks in creating awareness about financial products, education and advice on money management, debt counseling, Saving and refundable credit. Banks play an important role in the progress of economic development. Banking development is a prerequisite for economic development of developing countries. It helps in strengthening and sound development of an economy by mobilizing funds in all

sectors of economy. Lack of banking activity is hurdle in way of development Thus; banking system is the heart of economic system which helps in smooth flow of finance in economy. ICICI and HDFC (Private Banks) those banks are largest bank in India he give him financial support and services in all areas for our life. The development of industries, agriculture, trade business, transports etc. all depends on banking system. Focus has to come back to poverty alleviation as financial inclusion without poverty alleviation is meaningless. The banks are prepared to think outside the bon then financial inclusion can emerge as commercially profitable business.

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