

ABSTRACT

The paper analyzes the performance of Indian banking industry categorized into various ownership groups, namely private foreign, private domestic, nationalized and SBI association for the period of 2005 to 2012 using the static panel data methodology. The performance is measured by (i) profitability and (ii) efficiency ratios. Returns on asset and operating profit ratio are used as profitability indicators while net interest margin and operating expense ratios are used as efficiency indicators.

The outcome of the study shows that foreign banks perform better in terms of return on asset, operating profit, net interest margin and operating expenses compared to all other groups while performance of private sector banks registered fabulously in terms of return on asset and operating profit compare to nationalized and SBI groups. Nationalized and SBI association banks competed to each other in terms of its profitability and efficiency during these time periods. The reason behind nationalized banks not to perform fabulous in nature is because of its stronger social motive rather than only profit motive as involve incase of other private bank groups.