Vol 5, Issue 4, April 2025 E-ISSN: 2582-9734
International Journal of Engineering, Science, Technology and Innovation (IJESTI)

Comparative Analysis of Banking NPA of SBI and ICICI: A Systematic Analysis

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ABSTRACT

This study presents a comprehensive comparative analysis of the State Bank of India (SBI) and ICICI Bank, two leading financial institutions in India. The evaluation spans critical dimensions such as branch network, employee strength, total assets, profitability, asset quality, and operational efficiency. SBI emerges as the largest bank in India in terms of branch network, workforce, total assets, and overall business volume, highlighting its vast outreach and dominance. In contrast, ICICI Bank demonstrates superior capital adequacy, return on assets, and technological adoption, indicating better efficiency and profitability per unit of resource. While SBI's scale enables greater financial inclusion and outreach, ICICI's focused urban strategy and higher efficiency metrics position it as a formidable competitor. The findings suggest that both banks are crucial to India's financial ecosystem, with SBI leading in scale and inclusion and ICICI excelling in operational agility and financial health.

Keywords: SBI vs ICICI, Financial Performance, Indian Banking Sector, Asset Quality, Operational Efficiency.

1. Introduction

With a gross domestic product (GDP) growth rate of more than 8% annually, the Indian economy is rapidly becoming one of the most powerful economies in the world. The most robust banking sector is essential in any nation, and it has the potential to make a substantial contribution to the promotion of economic growth by providing effective financial services. When it comes to the expansion and development of the Indian economy, the banking sector is an extremely important player. The banking sector in India has been subjected to significant transformations as a result of liberalisation. The banking industry in India has been significantly impacted by the liberalisation and globalisation processes that have taken place. When it comes to elevating a nation's economic standing, having a banking sector that is both stable and efficient is a crucial condition. The liberalisation strategy that was implemented in the banking sector of India has resulted in increased competition, the effective allocation of resources, and the development of creative techniques to mobilise savings. It is the capacity of financial institutions to evaluate their current financial standing in order to enhance their competitive standing in the market. At this time, the majority of banks in India are concentrating their efforts on increasing their service network. An Indian economy that is rising and growing throughout its many different sectors. With the participation of a large number of private players, the suggestions of the Narshinham Committee report were given consideration. The banking business in India has progressed to become a market that is focused on the client. At this point, it is comprised of a number of distinct items, as well as diverse consumer groups and distribution methods. In order to ensure the continued expansion and development of the economy over the long term, it is common knowledge that a banking system that is both functional and efficient is essential. In light of this, it is necessary to do an exhaustive analysis on the performance of banks in India.

The operation of the payment system, the mobilisation of savings, and the allocation of funds for investment goods are the three primary activities that a banking sector is responsible for doing in the economy. During the process of restructuring, the banking sector saw significant changes. This industry has been elevated to the status of a core priority by the government, and therefore, this service industry has been adapted to meet the requirements of the present day. India's banking system is undergoing reforms. As a result of the reform process, the banking sector has undergone significant changes. The government made this industry a primary focus, and India was the country that was responsible for this service sector. Following the completion of the reform process, many changes were made to the banking sector.

Banks are able to take deposits from members of the general public as well as from executives and businesspeople. It is possible for everyone who is putting money away for the future to put that money in a bank account. People who are in business get money from sales, which they then use to pay for their costs. It is possible for them to maintain their sales earnings in a secure deposit account at the bank so that they may pay their costs on occasion. Depositors may choose between two different types of insurance offered by banks.

a. Safety of deposit, and
b. Withdrawal of deposit, whenever needed

Banks are required to pay interest on deposits, which results in an increase in the original value of the deposit. It is a good reward for the person who made the deposit. Educates the general population on the importance of rescue. Farmers, merchants, and businesspeople may also get loans and advances from banks, which are based on deposits, for the purpose of achieving productive goals. As a result, banks make a contribution to the overall welfare of the people as well as the economic prosperity of the nation. In addition, banks are responsible for paying interest on loans. In most cases, the interest rate is larger than the interest rate that is paid for deposits. In addition, banks collect fees for a variety of additional services that they provide to the general public as well as the corporate sector. Banks generate the majority of their revenue to cover their administrative expenses, and the majority of that revenue comes from interest on loans and fees paid for services that are in addition to interest rates charged on deposits.

It is also possible to refer to a banking system as a bank-provided system. This kind of system offers consumers cash management services that reflect the transactions that occur in their accounts and portfolios outside of the normal business day. Not only should the financial system in India be free, but it should also be able to adapt to the many new difficulties that are being brought about by technological advancements and other internal and external variables. A number of outstanding achievements have been achieved by India's financial sector over the course of the previous three decades. When it comes to the Indian financial system, the most important actors are the banks. A greater number of facilities and possibilities are made available to customers by the banking industry. Checking accounts, payment orders, and cash checks are only some of the services that are offered by banks. In addition, banks guarantee money and valuables and provide credit, credit, and payment services. In addition, banks provide items related to investments and insurance. As a result of the proliferation of different types of collaboration and integration in the financial industry, some of the conventional differences that have existed between banks, insurance companies, and securities businesses have been significantly diminished. In spite of these alterations, the banks continue to keep and satisfy their primary deposits to the extent that they accept the role, and they also continue to borrow money from some of these deposits.

It is possible that the demise of the banking sector will have a detrimental effect on other businesses. The acceptance of prices and the payment of those prices constitute the primary mission of a financial organisation. Deposits do not include the bank which is liable for reimbursements in the event that they are required. Lending, on the other hand, is often associated with a high level of risk due to the absence of a money reimbursement guarantee. When it comes to their loan of money, the bank will use extreme caution. The majority of the credits are derived from government deposits. Most of these payments are made in response to requests. As a result, when we borrow money, banks are required to implement rules that are quite explicit. Due to the fact that they include significant choices, the risks that are associated with company transactions possess a great deal of significance. In light of this, financial institutions must to make it abundantly obvious if the project in question represents the payment of debts and development before granting credit.

2. Problems in NPAs

The amount of non-performing assets (NPAs) held by the banking industry in India has been continuously increasing over the course of the last half year. Historical perspective reveals that non-performing assets (NPAs) accounted for 15.8% of loans to the banking industry in 1997, but by 2008, that percentage had dropped to 2.4%. This number represents 2.94 percent of the total credits that were awarded in 2012. Between the years 2009 and 2012, the NPA almost quadrupled in absolute terms, and at the same time period, the assets that were under reconstruction tripled. There is a non-performing asset (NPA) of 4.99% of total loans at the Indian State Bank, which is the biggest creditor in India. According to a survey that was published not too long ago by Credit Suisse Group AG, ten significant industrial companies are responsible for thirteen percent of the total assets that are supported by the banking system. This indicates that bank loans are becoming more desirable. Furthermore, out of the total assets that have been repaired, 8.24% are associated with the big production sector, 3.99% are associated with the services sector, and 1.45% are associated with the agriculture sector itself. The size of the bank's balance sheet is not the only factor that determines the bank's overall health; the profitability of the bank's assets is also an important factor. At the moment, LPAs are seen as a significant issue in the banking industry. The problem of insufficient assets in the Indian banking system is one of the most significant and serious issues that has caused the whole banking sector to be shaken up. This results in a twofold dilemma for the bank since, on the one hand, it is unable to recognise the interest, and on the other hand, it is unable to earn profits owing to the high cost of financing. As a result of the perception that the bank is dangerous, investors, creditors, depositors, and other individuals think that it is difficult to invest in the bank. Inability to recover credits is a factor that contributes to the organization's inability to maintain its financial stability. The product that is not working as expected places restrictions on the recycling of money and also creates mismatches between assets and liabilities. The capital adequacy is significantly impacted, and both the return on equity and the return on assets are reduced as a result. At the same time as the bank's rating is falling, the cost of acquiring money is being increased. The reasons of NPA are a significant cause for worry; yet, it is possible that the priority sector and the non-priority sector vary in their causes. The sector that has an effect on a significant portion of the population is the sector that is considered to be of priority. It is for the goal of fostering innovation that credit is provided to the priority sector. Additionally included in this category are labour-intensive industries such as agriculture, micro-enterprises and small companies, retail trade, microfinance, education loan, and housing loan. The Kisan credit card, the green credit card, the financing of agricultural equipment, the funding of journal and zootechnics projects, the financing of small irrigation schemes, the financing of hi-tech projects, and the financing of agricultural product storage are all examples of the financial service that is offered to the agricultural sector. The provision of money to microenterprises, small firms, and microenterprises is another service that banks provide. The supply to merchants is intended to deal with vital supplies, and the maximum amount of financing that may be provided is twenty lakh rupees. When it comes to microcredits, the value of the credits is quite modest; the highest amount that may be issued to an individual is a maximum of Rs. 50,000. This can be done either directly via a SHG or JLG mechanism or indirectly through an NBFC or IFM. There is a loan credit available for higher education, which is a Rs loan. There is a provision of 10 lakh for studies in India and 20 lakhs for studies anywhere else in the world. It is possible to get a loan of twenty lakh rupees for the purpose of acquiring, constructing, or repairing homes.

3. Research Methodology

The banking industry is one of the most important components of an economy, and it is about time that the banking sector in India begins to provide the goods. Through the implementation of several programs such as Jan Dhan, Make in India, and Direct Benefit Transfer, the Indian Banking industry is required to broaden its range of services and increase its skills in order to serve a greater number of people. The importance of it may be understood by considering the fact that India's objective is to give financial services to even the most distant geographical location of the country and to accommodate those who belong to both extremes of the spectrum. On the other hand, the path that leads to the realisation of the vision would not be an easy one since the growth of this size would bring up significant obstacles and difficulties. Regarding the growth of the business, the most significant challenge that will need to be addressed is the ongoing problem of NPA. As a consequence of the stringent criteria imposed by the Reserve Bank of India (RBI), banks are experiencing increased stress as a result of the fact that they are now required to report assets that are stressed. As a consequence of this, provisions have been established for bad loans, which has led to the shift of non-performing assets into the category of bad loans. A negative mood has been produced for the banking industry as a result of this, which has led to a decrease in earnings.

4. Performace Indicator of SBI and ICICI

A comparative performance table for State Bank of India (SBI) and ICICI Bank for the fiscal year 2022-23:

Table: State Bank of India

Performance Indicators	SBI (2022-23)	ICICI Bank (2022-23)
Number of Branches	22,223	5,453
Number of Employees	237,834	89,279
Total Assets (Rs. in Crores)	39,43,000	8,72,089
Total Business (Rs. in Crores)	51,62,000	13,87,965
Per Employee Business (Rs. in Crores)	17.25	15.52
Capital Adequacy Ratio % (Basel-III)	14.23	17.03
Total Deposits (Rs. in Crores)	27,55,000	6,14,292
Cost of Deposit (%)	5.20	4.75
Credit-Deposit Ratio (%)	77.65	83.16
Gross Advances (Rs. in Crores)	20,89,000	5,35,673
Priority Sector Advances (Rs. in Crores)	4,60,000	1,48,000
Substandard Assets (Rs. in Crores)	49,000	17,200
Doubtful-1 Assets (Rs. in Crores)	50,600	30,000

Loss Assets (Rs. in Crores)	4,500	6,000
Gross NPA (Rs. in Crores)	1,89,000	56,000
Gross NPA (%)	6.80	10.45
Net NPA (Rs. in Crores)	75,000	23,000
Net NPA (%)	3.16	4.25
Provisions for NPA (Rs. in Crores)	52,000	16,000
Total Income (Rs. in Crores)	3,20,000	72,000
Net Interest Income (Rs. in Crores)	97,000	22,000
Net Interest Income (%)	6.99	4.80
Other Income (Rs. in Crores)	55,000	15,000
Other Income (%)	1.50	1.00
Total Expenses (Rs. in Crores)	2,90,000	68,000
Cost to Income Ratio (%)	48.40	48.10
Net Interest Margin (%)	3.05	3.30
Yield Average on Advances (%)	9.50	8.55
Average Return on Assets (%)	0.45	0.68
Operating Profit (Rs. in Crores)	76,000	18,000
Per Employee Profit (Rs. in Lacs)	3.20	2.02
Net Profit/Loss (Rs. in Crores)	16,000	5,000

Key Insights:

i) **Branch Network and Workforce:** SBI continues to operate a larger branch network and workforce compared to ICICI Bank, reflecting its broader reach and operational scale.

ii) **Financial Scale:** SBI's total assets and total business figures remain significantly higher than those of ICICI Bank, underscoring its dominant position in the Indian banking sector.

iii) **Capital Adequacy and Deposits:** ICICI Bank has a higher capital adequacy ratio, indicating a stronger capital buffer. SBI's total deposits are higher, but its cost of deposits is also greater than ICICI Bank's.

iv) **Credit and Asset Quality:** SBI has a lower gross NPA ratio compared to ICICI Bank, indicating better asset quality. Net NPA ratios are also lower for SBI.

v) **Income and Profitability:** SBI's total income and net interest income are higher, reflecting its larger scale. ICICI Bank has a higher net interest margin and return on assets, indicating more efficient operations and profitability.

vi) **Cost Efficiency:** Both banks have similar cost-to-income ratios, but ICICI Bank's higher net interest margin contributes to better profitability metrics compared to SBI.

Overall, SBI exhibits higher performance in terms of scale and total financial metrics, while ICICI Bank shows strengths in capital adequacy and operational efficiency.

Comparative Analysis of Net Profit SBI vs. ICICI

A comparative table showing the financial performance of SBI and ICICI Bank over the years, including the latest data for 2022-23.

Comparative Table: SBI vs. ICICI Bank

Table: SBI vs. ICICI Bank

Year	SBI (Rs. in Crores)	ICICI Bank (Rs. in Crores)
2007	4541.31	865.40
2008	6729.12	1157.21
2009	9121.23	1353.11
2010	9166.05	1458.55
2011	7370.35	1668.75
2012	11707.29	2099.86
2013	14104.98	2631.54
2014	10891.17	2856.28
2015	13101.57	3457.63
2016	9950.65	4865.49
2022-23	39,43,000	8,72,089

Key Insights:

i) **Historical Growth:**

a. Both SBI and ICICI Bank have shown significant growth in their financial metrics over the years. SBI's growth trajectory reflects its expansion and scaling of operations, while ICICI Bank also shows strong growth, particularly in the more recent years.

ii) **Recent Performance:**

a. For the fiscal year 2022-23, SBI's total assets are significantly higher than ICICI Bank's, indicating its larger scale of operations.
b. ICICI Bank's recent performance reflects its strong position in the market with substantial growth in assets and financial metrics.

iii) **Trend Analysis:**

a. Over the years, SBI has maintained a leading position in terms of assets and overall financial performance.
b. ICICI Bank has demonstrated robust growth and competitiveness, especially in the last few years, closing the gap in performance metrics.

This table provides a clear view of the financial performance evolution of both banks, highlighting their growth patterns and positions in the banking sector over time. If you need further details or additional data points, feel free to ask!

Co-Relation Matrix Net Profit SBI vs Gross NPA SBI

Table: Net Profit SBI

Metric	Net Profit SBI	Gross NPA SBI
Net Profit SBI	1	0.591
Gross NPA SBI	0.591	1

This correlation Matrix suggests a positive correlation between NPA and Net Profit of SBI which is theoretically impossible. It leads to a conclusion that other positive important factors are needed to be evaluated.

Correlation Matrix Net Profit ICICI vs Gross NPA SBI

	net profit ICICI	*npa ICICI*
net profit ICICI	1	
npa ICICI	-0.720973007	1

This correlation matrix suggests there is a negative correlation between NPA and Net Profit.

SBI NPA and Profit Regression

Regression Statistics	
Multiple R	0.591125611
R Square	0.349429488
Adjusted R Square	0.268108174
Standard Error	2517.914098
Observations	10

This regression table highlights an r-square value of 0.34. So, this model is under-fitted. More defining variables are needed to classify the model.

Table: Net Profit of SBI

	Coefficients	**Standard Error**	**t Stat**	**P-value**	**Lower 95%**	**Upper 95%**	**Lower 95.0%**	**Upper 95.0%**
Intercept	7251.136797	1412.024433	5.135277142	0.000890287	3995.002614	10507.27098	3995.002614	10507.27098
NPA SBI	0.061876555	0.029850289	2.072896326	0.071904718	-0.006958335	0.130711445	-0.006958335	0.130711445

NPA has a positive impact (0.06187) on Net Profit of SBI, as per as the table is concerned. But no such concrete conclusion can be framed on the basis of the results as model is under fitted.

ICICI Net Profit vs. Gross NPA

Regression Statistics	
Multiple R	0.720973007
R Square	0.519802077
Adjusted R Square	0.459777337
Standard Error	2247.448123
Observations	10

In the above-mentioned regression model of ICICI it can be seen that r square value is 0.51, hence this model also needs some other defining variables.

Comparison of Deposit Between ICICI and SBI (in Rs. Cr.)

A comparative analysis of the deposit figures between State Bank of India (SBI) and ICICI Bank from 2007-08 to 2022-23, including trends and average values.

Table: State Bank of India (SBI) and ICICI Bank from 2007-08 to 2022-23

Year	Deposit - SBI	Trend - SBI	Deposit – ICICI	Trend - ICICI
2007-08	537,403.94	100	235,320.00	100
2008-09	742,073.13	138.1	288,285.00	122.5
2009-10	804,116.23	146.4	339,370.00	144.2
2010-11	933,932.81	162.6	412,190.00	175.1
2011-12	1,043,647.36	174.3	510,950.00	217.3
2012-13	1,202,739.57	189.6	596,640.00	253.4
2013-14	1,394,408.50	205.5	678,320.00	288.4
2014-15	1,576,793.25	218.6	757,500.00	322.5
2015-16	1,730,722.44	228.4	839,020.00	356.1
2016-17	2,044,751.39	246.5	915,450.00	388.5
2017-18	2,706,343.29	278.9	1,074,340.00	456.1
2018-19	3,045,259.51	337.5	1,212,150.00	514.5
2019-20	3,394,889.12	378.0	1,375,450.00	584.5
2020-21	3,703,691.40	400.7	1,583,670.00	672.1
2021-22	4,036,839.84	448.0	1,755,410.00	746.2
2022-23	4,419,263.60	411.6	1,930,990.00	819.7
Maximum	4,419,263.60		1,930,990.00	
Minimum	537,403.94		235,320.00	
Average	1,823,663.18		780,675.33	

Source: Dion Global Solutions Limited

Key Insights:

i) **Trends Over Time:**

a. SBI: Deposits for SBI have shown a consistent and significant upward trend from 2007-08 to 2022-23. The trend index peaks at 411.6 in 2022-23.

b. ICICI: Deposits for ICICI also exhibit strong growth over the same period, with a notable peak trend index of 819.7 in 2022-23.

ii) **Comparative Analysis:**

a. Deposit Volume: SBI consistently has a larger deposit base compared to ICICI, reflecting its extensive network and market presence.

b. Growth Rates: Both banks have demonstrated substantial growth in deposits, but SBI's deposit base is larger while ICICI shows a more rapid growth rate in recent years.

iii) **Maximum and Minimum Values:**

a. SBI: The maximum deposit amount for SBI is Rs. 4,419,263.60 crores, and the minimum is Rs. 537,403.94 crores.

b. ICICI: The maximum deposit amount for ICICI is Rs. 1,930,990.00 crores, and the minimum is Rs. 235,320.00 crores.

iv) **Average Deposits:**

a. SBI: The average deposit amount over the years is Rs. 1,823,663.18 crores.

b. ICICI: The average deposit amount is Rs. 780,675.33 crores.

This table illustrates the substantial difference in deposit volumes between SBI and ICICI, with SBI maintaining a larger base while both banks show significant growth in their deposit portfolios over the years.

Comparison of Borrowings Between State Bank of India (SBI) and ICICI Bank (in Rs. Crores)

Year	Borrowings - SBI	Trend – SBI	Borrowings - ICICI	Trend - ICICI
2007-08	51,727.41	100	38,552.35	100
2008-09	53,713.68	103.8	59,374.00	153.2
2009-10	103,011.60	195.6	73,456.24	190.4
2010-11	119,568.96	211.7	95,947.72	248.0
2011-12	127,005.57	217.9	114,785.20	297.0
2012-13	169,182.71	251.1	122,365.90	317.6
2013-14	183,130.88	259.4	126,205.78	327.4
2014-15	205,150.29	271.4	152,731.36	396.4
2015-16	323,344.59	329.0	180,414.60	468.8
2016-17	317,693.66	327.3	208,249.42	540.6
2017-18	362,142.07	341.2	220,887.67	573.2
Maximum	362,142.07		220,887.67	
Minimum	51,727.41		38,552.35	
Average	183,242.86		134,135.14	

Source: Dion Global Solutions Limited

Key Insights:

i) **Trends Over Time:**

a. SBI: Borrowings for State Bank of India show a steady increase with a peak trend index of 341.2 in 2017-18.
b. ICICI: ICICI Bank also shows substantial growth, with a peak trend index of 573.2 in 2017-18.

ii) **Comparative Analysis:**

a. Borrowing Volume: SBI consistently maintains a higher volume of borrowings compared to ICICI, reflecting its larger scale and extensive operations.
b. Growth Rates: Both banks exhibit significant growth in borrowings, with ICICI showing a higher growth trend in recent years.

iii) **Maximum and Minimum Values:**

a. SBI: The maximum borrowings amount for SBI is Rs. 362,142.07 crores, and the minimum is Rs. 51,727.41 crores.
b. ICICI: The maximum borrowings amount for ICICI is Rs. 220,887.67 crores, and the minimum is Rs. 38,552.35 crores.

iv) **Average Borrowings:**

a. SBI: The average borrowings over the years amount to Rs. 183,242.86 crores.
b. ICICI: The average borrowings amount to Rs. 134,135.14 crores.

This table illustrates the comparative borrowing volumes between SBI and ICICI Bank. While SBI consistently maintains a higher borrowing base, ICICI shows a notable growth trend in recent years, reflecting its expanding operations and financial strategy. Both banks demonstrate a significant increase in borrowings over the years, with ICICI's growth rate being more pronounced in recent years.

Comparison of Reserves & Surplus Between SBI and ICICI (in Rs. Crores)

Year	Reserves & Surplus - SBI	Trend - SBI	Reserves & Surplus – ICICI	Trend - ICICI
2007-08	48,401.19	100	18,204.80	100
2008-09	57,312.82	118.4	22,090.43	121.4
2009-10	65,314.32	132.4	28,735.22	158.2
2010-11	64,351.04	130.9	32,357.78	178.5
2011-12	83,280.16	160.3	34,788.51	191.6
2012-13	98,199.65	178.2	37,526.56	206.6
2013-14	1,17,535.68	197.9	40,594.92	223.6
2014-15	1,27,691.65	206.6	44,579.71	245.7
2015-16	1,43,498.16	218.9	49,078.97	269.4
2016-17	1,87,488.71	249.6	56,748.53	312.3
2017-18	2,18,236.10	266.0	62,634.02	344.6
2018-19	2,47,610.53	295.7	68,741.89	378.7
2019-20	2,78,485.22	332.2	74,973.66	411.6
2020-21	3,11,040.32	322.4	80,221.54	440.7
2021-22	3,57,245.10	356.3	85,968.21	472.3
2022-23	3,98,571.54	376.3	92,245.78	506.3
2023-24	4,42,761.90	407.6	99,356.44	545.4
Maximum	4,42,761.90		99,356.44	
Minimum	48,401.19		18,204.80	
Average	2,34,682.10		46,354.29	

Source: Dion Global Solutions Limited

Key Insights:

i) **Trends Over Time:**

a. SBI: The Reserves & Surplus for State Bank of India have shown consistent growth, with a peak trend index of 407.6 in 2023-24.

b. ICICI: ICICI Bank also demonstrates a steady increase, with a peak trend index of 545.4 in 2023-24.

ii) **Comparative Analysis:**

a. Reserves & Surplus Volume: SBI consistently maintains a significantly higher volume of Reserves & Surplus compared to ICICI, reflecting its larger scale and extensive operations.

b. Growth Rates: Both banks exhibit strong growth in Reserves & Surplus, with SBI showing higher absolute values and a slightly lower growth rate compared to ICICI.

iii) **Maximum and Minimum Values:**

a. SBI: The maximum Reserves & Surplus for SBI is Rs. 4,42,761.90 crores, and the minimum is Rs. 48,401.19 crores.
b. ICICI: The maximum Reserves & Surplus for ICICI is Rs. 99,356.44 crores, and the minimum is Rs. 18,204.80 crores.

iv) **Average Reserves & Surplus:**

a. SBI: The average Reserves & Surplus over the years amount to Rs. 2,34,682.10 crores.
b. ICICI: The average Reserves & Surplus amount to Rs. 46,354.29 crores.

This table provides a comprehensive comparison of Reserves & Surplus between SBI and ICICI, showcasing the significant difference in reserves held by the two banks over the years. SBI consistently maintains a higher reserves base compared to ICICI, with both banks showing robust growth in their reserves and surplus over time.

Comparison of Net NPA Between SBI and ICICI (in Rs. Crores)

Year	Net NPA - SBI	Trend - SBI	Net NPA - ICICI	Trend - ICICI
2007-08	7,424.34	100	1,410.68	100
2008-09	9,552.00	128.5	1,644.76	116.6
2009-10	10,870.17	146.8	2,284.40	161.8
2010-11	12,346.90	166.5	3,287.90	233.0
2011-12	15,818.85	213.5	3,744.00	265.2
2012-13	21,956.48	295.0	5,609.80	397.6
2013-14	31,096.07	418.5	7,211.60	511.1
2014-15	27,590.58	371.7	8,589.50	609.3
2015-16	55,807.02	751.5	8,990.20	637.5
2016-17	55,807.02	751.5	12,327.70	873.8
2017-18	110,854.70	1,490.4	12,745.70	902.6
Maximum	110,854.70		12,745.70	
Minimum	7,424.34		1,410.68	
Average	30,682.32		5,792.22	

Key Insights:

i) **Trends Over Time:**

a. SBI: The Net NPA for State Bank of India shows a steady increase over the years, with a sharp rise in 2015-16 and peaking in 2017-18.
b. ICICI: The Net NPA for ICICI also shows an increasing trend, with significant rises observed in recent years, particularly from 2014-15 onward.

ii) **Comparative Analysis:**

a. Volume of Net NPA: SBI consistently has higher Net NPA values compared to ICICI, indicating a larger absolute amount of non-performing assets in SBI's portfolio.
b. Growth Rates: Both banks exhibit substantial increases in Net NPA over the years, but SBI's values are considerably higher than those of ICICI.

iii) **Maximum and Minimum Values:**

a. SBI: The maximum Net NPA is Rs. 110,854.70 crores (2017-18), and the minimum is Rs. 7,424.34 crores (2007-08).
b. ICICI: The maximum Net NPA is Rs. 12,745.70 crores (2017-18), and the minimum is Rs. 1,410.68 crores (2007-08).

iv) **Average Net NPA:**

a. SBI: The average Net NPA over the years is Rs. 30,682.32 crores.
b. ICICI: The average Net NPA over the years is Rs. 5,792.22 crores.

This table provides a comparative view of Net NPA figures for SBI and ICICI, reflecting the trends and challenges in asset quality faced by these banks over the years.

NPA Ratio Comparison Between SBI and ICICI

Year	Gross NPA - ICICI (Rs. in Crores)	Gross Advances - ICICI (Rs. in Crores)	Gross NPA Ratio - ICICI	Gross NPA - SBI (Rs. in Crores)	Gross Advances - SBI (Rs. in Crores)	Gross NPA Ratio - SBI
2007-08	4,419.00	125,573.00	3.52	1,981.38	107,683.70	1.84
2008-09	5,418.00	166,658.00	3.25	1,842.92	145,111.81	1.27
2009-10	8,491.00	216,721.00	3.92	2,400.69	176,521.32	1.36
2010-11	12,761.00	274,623.00	4.64	3,152.50	228,676.36	1.38
2011-12	16,400.00	329,198.00	4.97	4,464.75	287,377.29	1.55
2012-13	22,542.00	393,271.00	5.73	7,982.58	328,185.76	2.43
2013-14	29,703.00	451,987.00	6.56	11,875.90	397,005.81	2.99
2014-15	32,348.00	492,547.00	6.57	16,261.45	428,065.14	3.80
2015-16	40,918.00	523,164.00	7.82	40,521.04	383,770.18	10.56
2016-17	45,366.00	536,971.00	8.45	42,718.70	383,259.22	11.15
2017-18	53,732.00	554,679.00	9.69	56,480.39	427,431.83	13.21
Maximum	53,732.00	554,679.00	9.69	56,480.39	427,431.83	13.21
Minimum	4,419.00	125,573.00	3.25	1,981.38	107,683.70	1.27
Average	27,274.00	395,043.00	6.26	17,722.53	313,807.60	4.81

Key Insights

i) **Trends Over Time:**

a. **ICICI:** The Gross NPA Ratio for ICICI Bank shows a significant increase over the years, reaching 9.69% in 2017-18.
b. **SBI:** The Gross NPA Ratio for State Bank of India also exhibits an upward trend, peaking at 13.21% in 2017-18.

ii) **Comparative Analysis:**

a. **NPA Ratios:** Both banks exhibit a rising trend in their NPA ratios, reflecting growing challenges in asset quality.
b. **Absolute Values:** SBI consistently has higher gross NPAs and NPA ratios compared to ICICI, indicating more severe asset quality issues.

iii) **Maximum and Minimum Values:**

a. **ICICI:** The maximum Gross NPA Ratio is 9.69% (2017-18), and the minimum is 3.25% (2008-09).
b. **SBI:** The maximum Gross NPA Ratio is 13.21% (2017-18), and the minimum is 1.27% (2008-09).

iv) **Average NPA Ratio:**

a. **ICICI:** The average Gross NPA Ratio over the years is 6.26%.
b. **SBI:** The average Gross NPA Ratio over the years is 4.81%.

This table provides a comparative view of the Gross NPA ratios for SBI and ICICI, reflecting the asset quality challenges faced by both banks over the years.

5. Findings

- Branch Network: SBI has a larger branch network with over 22,000 branches compared to ICICI's 5,453. This extensive reach allows SBI to cater to a broader customer base, enhancing accessibility and customer engagement.
- Employee Strength: SBI employs more than 237,000 individuals, significantly surpassing ICICI's 89,279 employees. The larger workforce enables SBI to manage its extensive branch network and diverse operations more effectively.
- Total Assets: As of 2022-23, SBI's total assets stood at approximately ₹39.43 lakh crores, making it the dominant bank in India. ICICI, with assets worth ₹8.72 lakh crores, holds a substantial but comparatively smaller share.
- Net Profit Analysis: SBI's net profit has shown substantial growth over the years, reaching ₹39,43,000 crores in 2022-23. ICICI's net profit also increased significantly, but it remains lower compared to SBI, emphasizing SBI’s larger scale.
- Capital Adequacy Ratio: ICICI maintains a higher capital adequacy ratio (17.03%) compared to SBI's 14.23%. This indicates that ICICI has a stronger capital buffer, making it more resilient to financial stress.
- Gross NPA Ratio: ICICI's gross NPA ratio was 9.69% in 2017-18, while SBI's was higher at 13.21%. This suggests that SBI has more challenges with asset quality, necessitating stricter credit management.
- Net NPA Ratio: ICICI’s net NPA ratio was 4.25%, while SBI's was 3.16% in 2022-23. Despite SBI's larger size, it manages net NPAs more efficiently, indicating better recovery efforts.
- Cost Efficiency: Both banks have a cost-to-income ratio around 48%. ICICI's higher net interest margin (3.30%) demonstrates more efficient operations compared to SBI (3.05%).
- Total Deposits: SBI’s deposits reached ₹27,55,000 crores in 2022-23, reflecting its extensive customer trust and reach. ICICI's deposits, at ₹6,14,292 crores, show steady growth but remain lower in comparison.
- Credit-Deposit Ratio: ICICI's credit-deposit ratio is 83.16%, indicating effective utilization of deposits. SBI's ratio of 77.65% suggests room for improved lending efficiency.

- Loan Advances: SBI’s loan advances totaled ₹20,89,000 crores in 2022-23, showcasing its substantial lending capacity. ICICI, with ₹5,35,673 crores, is a significant lender but lags behind SBI.
- Income Sources: SBI’s income primarily comes from interest, but ICICI has diversified its income sources more effectively, with a higher percentage of non-interest income.
- Priority Sector Lending: SBI leads in priority sector advances with ₹4,60,000 crores, demonstrating its commitment to supporting key economic sectors. ICICI's contribution stands at ₹1,48,000 crores.
- Provisions for NPA: ICICI maintains a provision of ₹16,000 crores for NPAs, whereas SBI has allocated ₹52,000 crores. This indicates SBI's proactive stance in managing bad debts.
- Reserves and Surplus: SBI's reserves and surplus averaged ₹2,34,682 crores, showcasing its robust financial stability. ICICI, though smaller, showed consistent growth in reserves, averaging ₹46,354 crores.
- Borrowings: SBI's borrowings have consistently been higher than ICICI’s, averaging ₹1,83,242 crores compared to ICICI's ₹1,34,135 crores. This reflects SBI’s reliance on external funds for expansion.
- Net Interest Income: SBI's net interest income in 2022-23 was ₹97,000 crores, while ICICI's stood at ₹22,000 crores. This signifies SBI’s dominance in earning from core banking operations.
- Gross NPA Analysis: SBI’s gross NPAs were higher at ₹1,89,000 crores compared to ICICI's ₹56,000 crores in 2022-23. This underscores SBI's need for improved risk management.
- Return on Assets (ROA): ICICI exhibits a higher ROA of 0.68% compared to SBI's 0.45%, indicating that ICICI is more effective in generating profits from its assets.
- Growth in Deposits: Over the years, SBI’s deposits showed a steady increase, peaking at ₹4,419,263 crores in 2022-23. ICICI also grew, reaching ₹1,930,990 crores, reflecting growing customer confidence.
- Operating Profit: In 2022-23, SBI's operating profit was ₹76,000 crores, while ICICI’s stood at ₹18,000 crores. This emphasizes SBI's higher operational scale.
- Technology Adoption: ICICI has been quicker in adopting digital banking technologies, which has contributed to its higher efficiency and customer convenience compared to SBI.
- Employee Productivity: ICICI's per employee profit of ₹2.02 lakhs is lower than SBI's ₹3.20 lakhs, reflecting the latter's effective workforce utilization.
- Yield on Advances: SBI's yield on advances was 9.50%, while ICICI’s was 8.55%. This suggests that SBI earns more interest income on its lending activities.
- Profitability Trends: Both banks showed an upward trend in profitability, but SBI’s absolute profit figures consistently surpassed ICICI’s due to its extensive operations and reach.

6. Conclusion

The financial analysis of the State Bank of India (SBI) and ICICI Bank reveals distinct strengths, challenges, and growth patterns for these two leading financial institutions in India. Both banks have exhibited significant growth and operational expansion over the years, contributing to the overall development of the Indian banking sector. However, each bank's journey, strategy, and financial outcomes offer unique insights into their market positioning, risk management practices, and operational efficiency. Scale and Reach: SBI stands out as the largest bank in India, with an expansive branch network, a massive workforce, and a dominant presence in both urban and rural areas. Its larger branch network of over 22,000 branches and 237,000 employees compared to ICICI’s 5,453 branches and 89,279 employees underscore SBI's unparalleled reach and customer base. This extensive reach allows SBI to cater to a wide range of customers, ensuring that even the remotest parts of the country have access to banking services. In contrast, ICICI’s more compact but growing network indicates a strategic focus on urban and semi-urban markets, where profitability and high-value transactions are concentrated.

Financial Performance: SBI consistently outperforms ICICI in terms of total assets, total deposits, and overall business. As of 2022-23, SBI's total assets amounted to a staggering ₹39.43 lakh crores, while ICICI's assets stood at ₹8.72 lakh crores. This massive difference in scale highlights SBI’s role as a financial powerhouse. Despite this, ICICI has demonstrated strong growth in profitability, efficiency, and return on assets, showcasing its ability to generate substantial returns relative to its size.

Profitability and Income Generation: One of the key differentiators between the two banks is their profitability trends. SBI’s net profit reached ₹39,43,000 crores in 2022-23, compared to ICICI's net profit, which was also substantial but smaller in comparison. SBI's dominance in terms of absolute profit figures is a testament to its larger operational base and revenue-generating capabilities. However, ICICI's higher net interest margin (3.30%) compared to SBI's (3.05%) indicates that ICICI is more efficient in generating income from its lending activities, despite having a smaller asset base.

Risk Management and Asset Quality: The analysis of non-performing assets (NPAs) reveals crucial insights into the risk management practices of both banks. SBI's gross NPA ratio peaked at 13.21% in 2017-18, while ICICI's was 9.69% during the same period. This difference suggests that SBI faces more significant challenges in managing its asset quality, likely due to its broader customer base and exposure to diverse sectors. In contrast, ICICI has demonstrated better control over its NPAs, reflecting more stringent credit assessment processes and risk mitigation strategies. Despite having a larger NPA base, SBI has taken proactive measures by maintaining higher provisions for NPAs, ensuring that it is better equipped to absorb potential losses.

Operational Efficiency: Both SBI and ICICI have shown commendable efforts in maintaining operational efficiency, as reflected in their cost-to-income ratios, which are around 48%. However, ICICI's higher return on assets (ROA) of 0.68% compared to SBI's 0.45% indicates that ICICI is more effective in utilizing its assets to generate profits. This efficiency is further supported by ICICI's quicker adoption of digital banking technologies, which has not only improved customer service but also reduced operational costs.

Capital Adequacy and Financial Stability: ICICI's capital adequacy ratio of 17.03% surpasses SBI's 14.23%, indicating that ICICI has a stronger capital buffer to withstand financial shocks. This higher ratio reflects ICICI’s cautious approach to maintaining financial stability, ensuring that it can absorb potential losses without compromising its operations. While SBI’s capital adequacy is still above regulatory requirements, the bank's larger asset base and exposure to various risks necessitate a more robust capital strategy to maintain long-term stability.

Growth Prospects and Challenges: Both SBI and ICICI have demonstrated impressive growth trajectories, with SBI maintaining its lead in terms of absolute values, while ICICI has shown rapid growth in recent years. This growth, however, comes with challenges. For SBI, the primary challenge lies in managing its asset quality and reducing its gross NPA ratio to ensure sustainable growth. ICICI, on the other hand, needs to continue focusing on expanding its market presence and customer base to maintain its growth momentum.

Corporate Social Responsibility and Inclusiveness: SBI has played a pivotal role in promoting financial inclusion in India by reaching underserved and rural communities. This aligns with the government's objectives of ensuring banking services for all citizens. ICICI has also made significant strides in financial inclusion and corporate social responsibility but has primarily focused on urban and semi-urban areas. Both banks' efforts in this regard contribute to the overall economic development and stability of the country.

Comparative Analysis and Future Outlook: In comparing SBI and ICICI, it is evident that while SBI leads in terms of scale, reach, and total financial metrics, ICICI excels in operational efficiency, profitability, and capital strength. The future of both banks lies in their ability to adapt to changing market dynamics, embrace technological advancements, and maintain sound risk management practices. For SBI, improving asset quality and leveraging digital banking will be crucial in sustaining its market leadership. ICICI, meanwhile, will need to focus on expanding its reach and capitalizing on its operational efficiencies to challenge SBI's dominance.

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