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Impact of Corporate Governance on Profitability in SBI and ICICI Bank

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ABSTRACT - Corporate governance promotes risk management, and enhanced bank discipline and improve banks safety, while Poor corporate governance of the banks can cause loss of public confidence of a bank in the way to manage its assets and liabilities, including deposits The present study also critically examines the governance prevailing in the Select Public and Private Sector Banks in India more specifically; the objectives of the study are to analyze the impact of corporate governance practices on profitability in SBI and ICICI Bank and to identify the control environment and processes of the corporate governance in the selected Select Public and Private Sector Banks in India. The main source of data used for the present study is secondary, derived from the published annual reports of SBI and ICICI Bank. The data relating to history, growth and development Corporate governance practices in India and selected Public and Private Sector Banks in India have been collected mainly from the books, magazines relating to published paper, reports, articles, newspapers, bulletins, other journals. The period of study was taken ten year i.e., from 2011-12 to 2020-21. It is suggested that the directors of public sector banks can make recommendations to the regulatory authorities to make changes in the special law applicable to them so as to improve the governance practices. All the banks must make attempts to follow the non-mandatory requirements of the Clause 49 of SEBI's Listing Agreement. It is concluded that the overall impression is that corporate governance does have impact on the firm's profitability and value. The markets observe the governance practices of banks and react accordingly. Especially the board of directors is found to be the most significant element that influenced the bank's profitability and value.

Keywords - Corporate Governance, Profitability.

INTRODUCTION

There has been an increasing awareness of the corporate governance and it is mechanism in both the developed and developing countries. The scandals and the financial crisis in 2008, made the governments and international organizations to be more aware and to set a fundamental regulations and policies for companies to guide and promote the management of corporations practices, hence retrieve the public confidence in corporate governance, while Corporate governance of banking sector seems to be more important than other sectors because the banking sector plays a critical financial intermediary role in any economy. Corporate governance promotes risk management, and enhanced bank discipline and improve banks safety, while Poor corporate governance of the banks can cause loss of public confidence of a bank in the way to manage its assets and liabilities, including deposits However, corporate governance cannot substitute for strong supervision, but the good governance can provide a corporation with how to manage it is practices. The most important effect of corporate governance is to build and increase the public confidence of the economy in general. Therefore corporate governance is all about accountability of company's practices and enhancing transparency by improving the information disclosure that would foster the performance of companies. Since the role of banks is crucial to accomplish the financial stability system in any region, it's important to focus more on governance mechanism used by banks, especially in Palestine and also in other countries.

OBJECTIVES OF THE STUDY

The present study also critically examines the governance prevailing in the Select Public and Private Sector Banks in India more specifically; the objectives of the study are to:

- To analyze the impact of corporate governance practices on profitability in SBI and ICICI Bank.
- Identify the control environment and processes of the corporate governance in the selected Select Public and Private Sector Banks in India.

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- Determine the commitment to implement good corporate governance practices among the SBI and ICICI Bank.

RESEARCH METHODOLOGY

The main source of data used for the present study is secondary, derived from the published annual reports of SBI and ICICI Bank. The data relating to history, growth and development Corporate governance practices in India and selected Public and Private Sector Banks in India have been collected mainly from the books, magazines relating to published paper, reports, articles, newspapers, bulletins, other journals like monthly review of Economy and websites. The period of study was taken ten year i.e., from 2011-12 to 2020-21.

PROFIT BEFORE TAX OF SBI AND ICICI BANK

The Profit Before Tax (PBT) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 1:

Table 1: Profit Before Tax (PBT) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21

(As on 31st March) (Rs.in crore)

Year	SBI	ICICI Bank
2011-12	18483	8803
2012-13	19951	11397
2013-14	16174	13968
2014-15	19314	15820
2015-16	13774	12196
2016-17	14855	11279
2017-18	-15528	7434
2018-19	1607	3777
2019-20	25063	14048
2020-21	27541	20183

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 1 shows the profit before tax of SBI and ICICI Bank over a period from 2011-12 to 2020-21. The profit before tax of SBI was increased from Rs.18483 crore in 2011-12 to Rs.19951 crore in 2012-13 and thereafter it fluctuated from Rs.16174 crore in 2013-14 to Rs.-15528 crore in 2017-18. It is increased from Rs.1607 crore in 2018-19 to Rs.27541 crore in 2020-21. Whereas in the profit before tax of ICICI Bank increased from Rs.8803 crore in 2011-12 to Rs.15820 crore in 2014-15 and thereafter it decreased from Rs.12196 crore in 2015-16 to Rs.3777 crore in 2018-19. It increased from Rs.14048 crore in 2019-20 to Rs.20183 crore in 2020-21.

NET PROFIT OF SBI AND ICICI BANK

The Net Profit is arrived at after deducting the interest expended, operating expenses and taxes from the total income. The management must be efficient enough to arrive at higher profits. The total income, total expenditure and net profit / loss of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 2;

Table 2: Total income, total expenditure and net profit / loss of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (As on 31st March) (Rs. in crore)

Year	SBI			ICICI Bank		
	Total Income	Total Expenditure	**Net Profit/Loss**	Total Income	Total Expenditure	**Net Profit/Loss**
2011-12	120873	109166	**11707**	41045	34580	**6465**
2012-13	135692	121587	**14105**	48421	40096	**8325**
2013-14	154904	144013	**10891**	54606	44796	**9810**
2014-15	174973	161871	**13102**	61267	50092	**11175**
2015-16	191844	181893	**9951**	68062	58336	**9726**
2016-17	210979	200495	**10484**	73661	63860	**9801**
2017-18	265100	271647	**-6547**	72386	65608	**6777**
2018-19	279643	278781	**862**	77913	74550	**3363**
2019-20	302545	288057	**14488**	91247	83316	**7931**
2020-21	308647	288237	**20410**	98087	81894	**16193**

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 2 reveals the net profit / loss of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The net profit / loss of SBI increased from Rs.11707 crore in 2011-12 to Rs.14105 crore in 2012-13. In 2013-14 the net profit of SBI decreased to Rs.10891 crore and in 2014-15 it increased to Rs.13102 crore. It decreased from Rs.13102 crore in 2014-15 to Rs.-6547 crore in 2017-18 except in 2016-17 was increased to Rs.10484 crore and thereafter it

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increased from Rs.862 crore in 2018-19 to Rs.20410 crore in 2020-21. Whereas the net profit / loss of ICICI Bank increased from Rs.6465 crore in 2011-12 to Rs.11175 crore in 2014-15. It decreased from Rs.9726 crore in 2015-16 to Rs.3363 crore in 2018-19 except in 2016-17 it increased to Rs.9801 crore and thereafter it increased from Rs.7931 crore in 2019-20 to Rs.16193 crore in 2020-21. The net profit / loss of SBI were more sizeable than the size of the net profit of ICICI Bank.

CAPITAL ADEQUACY RATIO (CAR) OF SBI AND ICICI BANK

Capital Adequacy Ratio (CARs) is a measure of the amount of a bank's core capital expressed as a percentage of its risk-weighted asset and it is also known as "Capital to Risk Weighted Assets Ratio (CRAR)". Capital Adequacy Ratio is defined as:

$$\textbf{CAR} = \frac{\text{Tier-I Capital + Tier-II Capital}}{\text{Risk weighted assets}}$$

Tier-I Capital = (paid up capital + statutory reserves + disclosed free reserves) – (equity investments in subsidiary + intangible assets + current and b/f losses). Tier-II Capital = (A) Undisclosed Reserves (B) General loss reserves (C) Hybrid debt capital instruments and subordinated debts where risk can either be weighted assets (a) or the respective national regulator's minimum total capital requirement. If using risk weighted assets,

$$\textbf{CAR}= [(T_1+T_2) / a\ ]>10\%$$

The present threshold varies from bank to bank but new private sector banks (10 per cent in this case, a common requirement for regulators conforming to the Basel Accords) are set by the national banking regulators of different countries. The Capital Adequacy Ratio (CAR) of SBI and ICICI Bank from 2011-12 to 2020-21 are presented in table 3;

Table 3: Capital Adequacy Ratio (CAR) of SBI and ICICI Bank from 2011-12 to 2020-21 (As on 31st March) (Per cent)

Year	SBI	ICICI Bank
2011-12	13.86	18.52
2012-13	12.92	18.74
2013-14	12.44	17.70
2014-15	12.00	17.02
2015-16	13.12	16.64
2016-17	13.11	17.39
2017-18	12.60	18.42
2018-19	12.72	16.89
2019-20	13.06	16.11
2020-21	13.74	19.12

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 3 presents the Capital Adequacy Ratio of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The CAR of SBI decreased from 13.86 per cent in 2011-12 to 12.00 per cent in 2014-15. In 2015-16 it was increased to 13.12 per cent. In 2016-17 it was decreased from 13.11 per cent to 12.60 per cent in 2017-18 and thereafter it was increased from 12.72 per cent in 2018-19 to 13.74 per cent in 2020-21. The CAR of ICICI Bank decreased from 18.52 per cent in 2011-12 to 16.64 per cent in 2015-16 except in 2012-13 wherein it was increased to 18.74 per cent. From 2016-17 to 2020-21 it increased from 17.39 per cent to 19.12 per cent except in 2018-19 and 2019-20 it was decreased 16.89 per cent and 16.11 per cent respectively.

RETURN ON EQUITY (ROE) OF SBI AND ICICI BANK

One of the most important profitability metrics is Return on Equity (ROE). Return on equity reveals how much profit a company earned on the total amount of shareholder equity fund on the balance sheet. In other words, it reflects a bank's efficiency in generating profits from every unit of shareholders' equity. A rising ROE suggests that a company is increasing its ability to generate profit without much capital. In other words, the higher the ROE is the better its efficiency and its fall is usually a problem. It is calculated by dividing net profit by average shareholder's equity multiplied by hundred. The Return on Equity of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 4:

Table 6: Return on Equity of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Per cent)

Year	SBI	ICICI Bank
2011-12	14.36	11.09
2012-13	15.94	12.94
2013-14	10.49	13.73
2014-15	11.17	14.32
2015-16	7.74	11.32
2016-17	7.25	10.34
2017-18	-3.78	6.60
2018-19	0.48	3.16
2019-20	7.74	7.07
2020-21	9.94	12.21

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 4 depicts the Return on Equity (ROE) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The ROE of SBI was increased from 14.36 per cent in 2011-12 to 15.94 per cent in 2012-13. It decreased from 10.49 per cent in 2013-14 to -3.78 per cent in 2017-18 except in 2014-15 it was increased 11.17 per cent. It increased from 0.48 per cent in 2018-19 to 9.94 per cent in 2020-21. Whereas in the ROE of ICICI Bank was increased from 11.09 per cent in 2011-12 to 14.32 per cent in 2014-15. It decreased from 11.32 per cent in 2015-16 to 3.16 per cent in 2018-19 and thereafter it increased from 7.07 per cent in 2019-20 to 12.21 per cent in 2020-21.

RETURN ON ASSETS OF SBI AND ICICI BANK

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Return on Assets (ROA) is a profitability ratio that indicates how profitable a bank is relative to its total assets. The following is the equation of the Return on Assets;

Return on Assets = Net Income/Total Assets

The Return on Assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 5:

Table 5: Return on Assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Per cent)

Year	SBI	ICICI Bank
2011-12	0.88	1.50
2012-13	0.97	1.66
2013-14	0.65	1.76
2014-15	0.68	1.86
2015-16	0.46	1.49
2016-17	0.41	1.35
2017-18	-0.19	0.87
2018-19	0.02	0.39
2019-20	0.38	0.81
2020-21	0.48	1.42

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 5 depicts the Return on Assets (ROA) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The ROA of SBI was increased from 0.88 per cent in 2011-12 to 0.97 per cent in 2012-13. It decreased from 0.65 per cent in 2013-14 to -0.19 per cent in 2017-18 except in 2014-15 it was increased 0.68 per cent. It increased from 0.38 per cent in 2019-20 to 0.48 per cent in 2020-21. Whereas in the ROA of ICICI Bank was increased from 1.50 per cent in 2011-12 to 1.86 per cent in 2014-15 and thereafter it decreased from 1.49 per cent in 2015-16 to 0.39 per cent in 2018-19. It increased from 0.81 per cent in 2019-20 to 1.42 per cent in 2020-21.

EARNINGS PER SHARE (EPS) OF SBI AND ICICI BANK

Earnings Per Share (EPS) measures the fraction of a bank's profit allocated to each outstanding share of common stock. EPS acts as an indicator of a bank's profitability. The EPS equation is hereunder;

Earnings Per Share = (Net Income − Dividends on Preferred Stock)/Average Outstanding Shares

The Earnings Per Share (EPS) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 6:

Table 6: Earnings Per Share (EPS) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21

Year	SBI	ICICI Bank
2011-12	184.31	56.11
2012-13	210.06	84.99
2013-14	156.76	72.20
2014-15	17.55	19.32
2015-16	12.98	16.75
2016-17	13.43	15.31
2017-18	-7.67	10.56
2018-19	0.97	5.23
2019-20	16.23	12.28
2020-21	22.87	24.01

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 6 shows the Earnings per Share of SBI and ICICI Bank over a period from 2011-12 to 2020-21. The Earnings per Share of SBI increased from Rs.184.31 in 2011-12 to Rs.210.06 in 2012-13. It decreased from Rs.156.76 in 2013-14 to Rs.-7.67 in 2017-18 except in 2016-17 it is increased to Rs.13.43. and thereafter it increased from Rs.0.97 in 2018-19 to Rs.22.87 in 2020-21. Whereas in the Earnings per Share of ICICI Bank was increased from Rs.56.11 in 2011-12 to Rs.84.99 in 2012-13 and thereafter it decreased from Rs.72.20 in 2013-14 to Rs.5.23 in 2018-19. It increased from Rs.12.28 in 2019-20 to Rs.24.01 in 2020-21. However, the Earnings Per Share of ICICI Bank is better compared to SBI.

RATIO OF NET NPAs TO NET ADVANCES OF SBI AND ICICI BANK

The assets quality of a bank is measured by the ratio of net non-performing assets to net advances. Net NPAs are calculated by deducting net provisions earmarked for non-performing assets and interest in suspense account from Gross NPAs. NNPAs ratio is taken to measure the quality of assets and is calculated by dividing net advances. The level of net NPA above one per cent needs to be viewed seriously and shall be reined in to sustain the organizational objectives. High net NPA ratio indicates the high quantity of risky assets in the Banks for which no provision is made. The Net NPAs to Net Advances of SBI and ICICI Bank from 2011-12 to 2020-21 are presented in table 7;

Table 7: Net NPAs to Net Advances of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Per cent)

Year	SBI	ICICI Bank
2011-12	1.82	0.73
2012-13	2.10	0.77
2013-14	2.57	0.97
2014-15	2.12	1.61
2015-16	3.81	2.98
2016-17	3.71	5.43
2017-18	5.73	5.43
2018-19	3.01	2.29
2019-20	2.23	1.54
2020-21	1.50	1.24

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table presents the ratio of net NPAs to net advances of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The ratio of net NPAs to net advances of SBI increased from 1.82 per cent in 2011-12 to 5.73 per cent in 2017-18

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except in 2014-15 and 2016-17 it was decreased 2.12 per cent and 3.71 per cent respectively. It was decreased from 3.01 per cent in 2018-19 to 1.50 per cent in 2020-21. The growth in the ratio of net NPAs to net advances of ICICI Bank increased from 0.73 per cent in 2011-12 to 5.43 per cent in 2017-18. From 2018-19 to 2020-21 there was a decreased in the ratio of net NPAs to net advances of ICICI Bank from 2.29 per cent to 1.24 per cent.

DIVIDEND PER SHARE (DPS) OF SBI AND ICICI BANK

The Dividend Per Share (DPS) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 8:

Table 8: Dividend Per Share (DPS) of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Rs)

Year	SBI	ICICI Bank
2011-12	35.00	3.30
2012-13	41.50	4.00
2013-14	30.00	4.60
2014-15	3.50	5.00
2015-16	2.60	5.00
2016-17	2.60	2.50
2017-18	-	1.50
2018-19	-	1.00
2019-20	-	-
2020-21	4.00	2.00

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 8 reveals the Dividend Per Share (DPS) of SBI and ICICI Bank over a period from 2011-12 to 2020-21. The dividend per share of SBI was increased from Rs.35.00 in 2011-12 to Rs.41.50 in 2012-13 and thereafter it was decreased from Rs.30.00 in 2013-14 to Rs.2.60 in 2016-17. In 2017-18, 2018-19 and 2019-20 there is no dividend and it was increased to Rs.4.00 dividend per share in 2020-21. Whereas in dividend per share of ICICI Bank was increased from Rs.3.30 in 2011-12 to Rs.5.00 in 2015-16 and thereafter decreased from Rs.2.50 in 2016-17 to Rs.1.00 dividend per share in 2018-19. There is no dividend per share in 2019-20 and it was increased to Rs.2.00 dividend per share in 2020-21.

RATIO OF NET PROFIT TO TOTAL ASSETS OF SBI AND ICICI BANK

Net profit to total assets ratio indicates the efficiency of the bank in utilizing its assets for generating profits. A higher ratio, it indicates the better income generating capacity of the assets and better efficiency of the management. It can be calculated by dividing net profit by total assets multiplied by hundred. The ratio of net profit to total assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 9;

Table 9: Ratio of Net Profit/Loss to Total Assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Per cent)

Year	SBI	ICICI Bank
2011-12	0.88	1.32
2012-13	0.90	1.55
2013-14	0.61	1.65
2014-15	0.64	1.73
2015-16	0.42	1.35
2016-17	0.39	1.27
2017-18	1.90	0.77
2018-19	0.23	0.35
2019-20	0.37	0.72
2020-21	0.45	1.32

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 9 reveals the ratio of net profit/loss to total assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. It is observed that the net profit/loss to total assets ratio of SBI decreased from 0.88 per cent in 2011-12 to 0.39 per cent in 2016-17 except in 2012-13 wherein it increased to 0.90 per cent and in 2017-18 it was increased to 1.90 per cent. It increased from 0.23 per cent in 2018-19 to 0.45 per cent in 2020-21 whereas in the ICICI Bank the said ratio increased from 1.32 per cent in 2011-12 to 1.73 per cent in 2014-15. It is decreased from 1.27 per cent in 2015-16 to 0.35 per cent in 2018-19 and thereafter it is increased from 0.72 per cent in 2019-20 to 1.32 per in 2020-21.

RATIO OF INTEREST INCOME TO TOTAL ASSETS OF SBI AND ICICI BANK

This ratio measures the income from lending operations to total assets in a year. Interest income includes income on advances, interest on deposits with the RBI, and dividend income. It is calculated by dividing interest income by total assets multiplied by hundred. The details of ratio of interest income to total assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 10;

Table 10: Ratio of Interest Income to Total Assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Percent)

Year	SBI	ICICI Bank
2011-12	7.98	6.86
2012-13	7.64	7.47
2013-14	7.61	7.43
2014-15	7.44	7.60
2015-16	6.96	7.32
2016-17	6.49	7.02
2017-18	6.38	6.25

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2018-19	6.60	6.57
2019-20	6.51	6.81
2020-21	5.85	6.44

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 10 shows that the ratio of Interest income to total assets of SBI decreased from 7.98 per cent in 2011-12 to 6.38 per cent in 2017-18. In 2018-19 it was increased 6.60 per cent and it was decreased from 6.51 per cent in 2019-20 to 5.85 per cent in 2020-21. Whereas in the said ratio of ICICI Bank increased from 6.86 per cent in 2011-12 to 7.60 per cent in 2014-15. In 2015-16 it was decreased from 7.32 per cent in 2015-16 to 6.44 per cent in 2020-21 except in 2018-19 and 2019-20 it was increased 6.57 per cent and 6.81 per cent respectively.

RATIO OF INTEREST EXPENDED TO TOTAL ASSETS OF SBI AND ICICI BANK

The ratio of interest expended to total assets shows the rate at which a private bank incurs expenditure by borrowing funds. Interest expenses by bank refer to fund bases expenditure which consists of interest paid on total deposits (time deposit plus saving deposits plus demand deposit and interest paid on external borrowings (debt). The lesser the ratio, the greater is the profit margin and efficiency of a bank. It is calculated by dividing interest expended by total assets multiplied by hundred. The particulars of the ratio of interest expended to total assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 are presented in table 11;

Table 11: Ratio of Interest Expended to Total Assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21 (Per cent)

Year	SBI	ICICI Bank
2011-12	4.73	4.66
2012-13	4.81	4.88
2013-14	4.86	4.66
2014-15	4.75	4.65
2015-16	4.53	4.37
2016-17	4.20	4.20
2017-18	4.22	3.63
2018-19	4.20	3.77
2019-20	4.03	3.78
2020-21	3.41	3.26

Source: Annual Reports of SBI and ICICI Bank from 2011-12 to 2020-21.

Table 11 shows the ratio of interest expended to total assets of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The ratio of interest expended to total assets of SBI increased from 4.73 per cent in 2011-12 to 4.86 per cent in 2013-14. From 2014-15 to 2020-21 it was decreased from 4.75 per cent to 3.41 per cent except in 2017-18 it increased 4.22 per cent. Whereas the ratio of interest expended to total assets of ICICI Bank increased from 4.66 per cent in 2011-12 to 4.88 per cent in 2012-13. From 2013-14 to 2020-21 it was decreased from 4.66 per cent to 3.26 per cent except in 2018-19 and 2019-20 it was increased 3.77 per cent and 3.78 per cent respectively.

FINDINGS

- The net profit / loss of SBI and ICICI Bank over ten year period from 2011-12 to 2020-21. The net profit / loss of SBI increased from Rs.11707 crore in 2011-12 to Rs.14105 crore in 2012-13. In 2013-14 the net profit of SBI decreased to Rs.10891 crore and in 2014-15 it increased to Rs.13102 crore. It decreased from Rs.13102 crore in 2014-15 to Rs.-6547 crore in 2017-18 except in 2016-17 was increased to Rs.10484 crore and thereafter it increased from Rs.862 crore in 2018-19 to Rs.20410 crore in 2020-21. Whereas the net profit / loss of ICICI Bank increased from Rs.6465 crore in 2011-12 to Rs.11175 crore in 2014-15. It decreased from Rs.9726 crore in 2015-16 to Rs.3363 crore in 2018-19 except in 2016-17 it increased to Rs.9801 crore and thereafter it increased from Rs.7931 crore in 2019-20 to Rs.16193 crore in 2020-21. The net profit / loss of SBI were more sizeable than the size of the net profit of ICICI Bank.
- The profit per employee of SBI was increased from Rs.531 thousands in 2011-12 to Rs.645 thousands in 2012-13. In 2013-14 the profit per employee of SBI fluctuated from Rs.485 thousands in 2013-14 to Rs.-233 thousands in 2017-18 and thereafter increased from Rs.33 thousands in 2018-19 to Rs.828 thousands in 2020-21. Whereas the profit per employee of ICICI Bank increased from Rs.1109 thousands in 2011-12 to Rs.1518 thousands in 2014-15 and later decreased from Rs.1348 thousands in 2015-16 to Rs.396 thousands in 2018-19. It increased from Rs.815 thousands in 2019-20 to Rs.1661 thousands in 2020-21.
- CAR of SBI decreased from 13.86 per cent in 2011-12 to 12.00 per cent in 2014-15. In 2015-16 it was increased to 13.12 per cent. In 2016-17 it was decreased from 13.11 per cent to 12.60 per cent in 2017-18 and thereafter it was increased from 12.72 per cent in 2018-19 to 13.74 per cent in 2020-21. The CAR of ICICI Bank decreased from 18.52 per cent in 2011-12 to 16.64 per cent in 2015-16 except in 2012-13 wherein it was increased to 18.74 per cent. From 2016-17 to 2020-21 it increased from 17.39 per cent to 19.12 per cent except in 2018-19 and 2019-20 it was decreased 16.89 per cent and 16.11 per cent respectively. The capital adequacy ratio of both SBI and ICICI Bank was more than the norm set by Basel Committee during the entire study period.
- ROE of SBI was increased from 14.36 per cent in 2011-12 to 15.94 per cent in 2012-13. It decreased

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from 10.49 per cent in 2013-14 to -3.78 per cent in 2017-18 except in 2014-15 it was increased 11.17 per cent. It increased from 0.48 per cent in 2018-19 to 9.94 per cent in 2020-21. Whereas in the ROE of ICICI Bank was increased from 11.09 per cent in 2011-12 to 14.32 per cent in 2014-15. It decreased from 11.32 per cent in 2015-16 to 3.16 per cent in 2018-19 and thereafter it increased from 7.07 per cent in 2019-20 to 12.21 per cent in 2020-21.

- ROA of SBI was increased from 0.88 per cent in 2011-12 to 0.97 per cent in 2012-13. It decreased from 0.65 per cent in 2013-14 to -0.19 per cent in 2017-18 except in 2014-15 it was increased 0.68 per cent. It increased from 0.38 per cent in 2019-20 to 0.48 per cent in 2020-21. Whereas in the ROA of ICICI Bank was increased from 1.50 per cent in 2011-12 to 1.86 per cent in 2014-15 and thereafter it decreased from 1.49 per cent in 2015-16 to 0.39 per cent in 2018-19. It increased from 0.81 per cent in 2019-20 to 1.42 per cent in 2020-21.
- Earnings per Share of SBI and ICICI Bank over a period from 2011-12 to 2020-21. The Earnings per Share of SBI increased from Rs.184.31 in 2011-12 to Rs.210.06 in 2012-13. It decreased from Rs.156.76 in 2013-14 to Rs.-7.67 in 2017-18 except in 2016-17 it is increased to Rs.13.43. and thereafter it increased from Rs.0.97 in 2018-19 to Rs.22.87 in 2020-21. Whereas in the Earnings per Share of ICICI Bank was increased from Rs.56.11 in 2011-12 to Rs.84.99 in 2012-13 and thereafter it decreased from Rs.72.20 in 2013-14 to Rs.5.23 in 2018-19. It increased from Rs.12.28 in 2019-20 to Rs.24.01 in 2020-21. However, the Earnings Per Share of ICICI Bank is better compared to SBI.
- The ratio of net NPAs to net advances of SBI increased from 1.82 per cent in 2011-12 to 5.73 per cent in 2017-18 except in 2014-15 and 2016-17 it was decreased 2.12 per cent and 3.71 per cent respectively. It was decreased from 3.01 per cent in 2018-19 to 1.50 per cent in 2020-21. The growth in the ratio of net NPAs to net advances of ICICI Bank increased from 0.73 per cent in 2011-12 to 5.43 per cent in 2017-18. From 2018-19 to 2020-21 there was a decreased in the ratio of net NPAs to net advances of ICICI Bank from 2.29 per cent to 1.24 per cent. In most of the years of the ten year study period, the ratio of net NPAs to net advances of SBI was higher than the ratio of net NPAs to net advances of ICICI Bank.
- The dividend per share of SBI was increased from Rs.35.00 in 2011-12 to Rs.41.50 in 2012-13 and thereafter it was decreased from Rs.30.00 in 2013-14 to Rs.2.60 in 2016-17. In 2017-18, 2018-19 and 2019-20 there is no dividend and it was increased to Rs.4.00 dividend per share in 2020-21. Whereas in dividend per share of ICICI Bank was increased from Rs.3.30 in 2011-12 to Rs.5.00 in 2015-16 and thereafter decreased from Rs.2.50 in 2016-17 to Rs.1.00 dividend per share in 2018-19. There is no dividend per share in 2019-20 and it was increased to Rs.2.00 dividend per share in 2020-21.
- The ratio of net profit/loss to total assets of SBI decreased from 0.88 per cent in 2011-12 to 0.39 per cent in 2016-17 except in 2012-13 wherein it increased to 0.90 per cent and in 2017-18 it was increased to 1.90 per cent. It increased from 0.23 per cent in 2018-19 to 0.45 per cent in 2020-21 whereas in the ICICI Bank the said ratio increased from 1.32 per cent in 2011-12 to 1.73 per cent in 2014-15. It is decreased from 1.27 per cent in 2015-16 to 0.35 per cent in 2018-19 and thereafter it is increased from 0.72 per cent in 2019-20 to 1.32 per in 2020-21. The ratio of net profit/loss to total assets of ICICI Bank was far satisfactory.
- The ratio of Interest income to total assets of SBI decreased from 7.98 per cent in 2011-12 to 6.38 per cent in 2017-18. In 2018-19 it was increased 6.60 per cent and it was decreased from 6.51 per cent in 2019-20 to 5.85 per cent in 2020-21. Whereas in the said ratio of ICICI Bank increased from 6.86 per cent in 2011-12 to 7.60 per cent in 2014-15. In 2015-16 it was decreased from 7.32 per cent in 2015-16 to 6.44 per cent in 2020-21 except in 2018-19 and 2019-20 it was increased 6.57 per cent and 6.81 per cent respectively. The ratio of Interest income to total assets of SBI whereas compared to ICICI Bank was higher the ratio, it indicates to generate the profits.
- The ratio of interest expended to total assets of SBI increased from 4.73 per cent in 2011-12 to 4.86 per cent in 2013-14. From 2014-15 to 2020-21 it was decreased from 4.75 per cent to 3.41 per cent except in 2017-18 it increased 4.22 per cent. Whereas the ratio of interest expended to total assets of ICICI Bank increased from 4.66 per cent in 2011-12 to 4.88 per cent in 2012-13. From 2013-14 to 2020-21 it was decreased from 4.66 per cent to 3.26 per cent except in 2018-19 and 2019-20 it was increased 3.77 per cent and 3.78 per cent respectively. The ratio of interest expended to total assets of SBI was low and that of ICICI Bank was high. However, the ratio of interest expended to total assets of SBI was better than that of the ICICI Bank.

SUGGESTIONS

- As the corporate governance practices are observed by the markets and investors make decisions accordingly, the banks must make efforts to adopt good governance practices. They must understand their importance in the development of the economy and must work for the benefit of all the stakeholders.
- The directors of public sector banks can make recommendations to the regulatory authorities to make changes in the special law applicable to them so as to improve the governance practices.

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- All the banks must make attempts to follow the non-mandatory requirements of the Clause 49 of SEBI's Listing Agreement.
- All the banks must proactively adopt good governance practices as per the international standards. Some of the banks like ICICI are operating globally in other countries too. Hence banks must study the governance practices of global firms and inculcate such ways. For example, succession planning of directors, declassified board is not practiced in India. Banks can make arrangements to follow such global best governance practices.
- To reduce the NPAs, banks must lay down strict credit policies and must ensure the implementation of such policies. When there is related party transaction or exposures going beyond limits, such cases have to be put in front of board in the meetings and possible solution so as to not cause risk to the bank.
- The corporate governance of banks is very sensitive and needs careful monitoring. Since the governance practices have an effect on profitability and value; banks have to make efforts to improve them. The banks must try to improve their asset quality through proper lending policies and credit appraisal processThe banks must inculcate these good governance practices in their day to day activities and also in their strategic decision making.

CONCLUSION

The scandals and the financial crisis in 2008, made the governments and international organizations to be more aware and to set a fundamental regulations and policies for companies to guide and promote the management of corporations practices, hence retrieve the public confidence in corporate governance, while Corporate governance of banking sector seems to be more important than other sectors because the banking sector plays a critical financial intermediary role in any economy. Corporate governance promotes risk management, and enhanced bank discipline and improve banks safety, while Poor corporate governance of the banks can cause loss of public confidence of a bank in the way to manage its assets and liabilities, including deposits However, corporate governance cannot substitute for strong supervision, but the good governance can provide a corporation with how to manage it is practices. The most important effect of corporate governance is to build and increase the public confidence of the economy in general. Therefore corporate governance is all about accountability of company's practices and enhancing transparency by improving the information disclosure that would foster the performance of companies. The overall impression is that corporate governance does have impact on the firm's profitability and value. The markets observe the governance practices of banks and react accordingly. Especially the board of directors is found to be the most significant element that influenced the bank's profitability and value.

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