

Chapter 6

CONCLUSION

This study examined the public and private sector banks financial performance during demonetization period. To analyze the financial performance of banks different parameters are considered which are profitability, efficiency, asset quality and liquidity. The performance of the banks is not depending on these limited parameters only. The study showed that as per the profitability analysis, private sector banks were ahead in terms of ratios of other income to total income, return on equity, return on asset, return on investment, gross profit, net profit, and return on advance. Public sector banks were in good position in terms of the ratios of cost of borrowings and operating expense to total income in pre and post demonetization period. The performance of private sector banks was better than public sector banks in terms of asset quality analysis which are gross NPA to total asset and net NPA to total asset. In terms of efficiency analysis, the ratios of non-interest income to total asset and operating profit to total asset for were higher for private sector banks and public sector banks were in good position in operating expenses to total asset only. In terms of liquidity analysis, private sector banks were ahead in the ratios of demand and saving bank deposit to total deposit and total investment to deposit and public sector banks were ahead in current ratios and absolute liquid ratios in pre and post demonetization period. However, in interest income to total asset, private sector banks were ahead in pre demonetization period but both the banks performed same in post demonetization period.