"A STUDY ON RATIO ANALYSIS OF PUBLIC SECTOR BANKS"

[1] Sameena M, [2] Siva Prasad Babu M
[1]PG Student, [2]Assistant Professor
Department of Management Studies
Ballari Institute of Technology and Management, Ballari
Sameenam323@gmail.com, yaletisivaprasad@gmail.com

ABSTRACT
This study examines the financial performance of ten selected Public Sector Banks (PSBs) in India — State Bank of India, Bank of Baroda, Punjab National Bank, Canara Bank, Union Bank of India, Bank of India, Indian Bank, Central Bank of India, Indian Overseas Bank, and Bank of Maharashtra — over the five-year period 2022–2026, using financial ratio analysis. The study is descriptive in nature and is based on secondary data drawn from published annual reports and other credible financial sources. Six key ratios — Current Ratio, Return on Assets, Return on Equity, Net Profit Margin, Debt-to-Equity Ratio, and Cost-to-Income Ratio — are used to assess the liquidity, profitability, solvency, and operational efficiency of the selected banks, with descriptive statistics and ANOVA applied to summarise the data and test for significant differences among the banks. The results show that the financial performance of the selected PSBs varies considerably in terms of profitability, cost management, capital structure, and efficiency, with several banks recording consistent improvement over the period and others showing greater scope for improvement; Bank of Maharashtra emerged as the strongest overall performer. The study concludes that financial ratio analysis remains an effective tool for evaluating bank performance and offers useful evidence for management, investors, researchers, and policymakers seeking to strengthen the financial management and productivity of Public Sector Banks.

Keywords: Ratio Analysis, Public Sector Banks, Profitability, Liquidity, Solvency, Financial Performance.

I. INTRODUCTION

A bank is an important financial institution that helps people manage their money and fulfil their financial needs. It accepts deposits from customers and provides loans to individuals, businesses, farmers, and industries, and offers services such as ATM facilities, internet and mobile banking, and money transfers. The banking sector is a vital part of the Indian financial system, mobilising savings, extending credit, and supporting agriculture, trade, and industry. It comprises Public Sector Banks, Private Sector Banks, Foreign Banks, Regional Rural Banks, Cooperative Banks, and Small Finance Banks, and, with the growth of technology, has increasingly adopted digital services such as internet banking, mobile banking, and UPI, making banking more convenient for customers and supporting the country's overall economic progress.

Public Sector Banks (PSBs), which are mainly owned and managed by the Government of India, play a significant role in the country's economic and social development by providing banking services to people from different sections of society. PSBs encourage saving through various deposit facilities and provide loans to individuals, farmers, small businesses, and industries, while also supporting rural and semi-urban development by expanding banking services to areas where private banking facilities may be limited. They play an important role in implementing government schemes relating to financial inclusion, agriculture, education, housing, and employment, and have introduced digital banking services such as mobile banking, internet banking, and online payments to widen their reach and improve customer convenience.

Company Profile

For this study, ten major Public Sector Banks were selected on the basis of their significant presence in the Indian banking industry and their contribution to the country's economic development. Table 1 summarises the establishment and core profile of each selected bank.

Table 1: Selected Public Sector Banks and Their Profile

Bank	Established	Profile
State Bank of India (SBI)	1955 (Imperial Bank of India)	The oldest and largest PSB, with an extensive branch and ATM network, international presence, and improving asset quality and digital services.
Bank of Baroda	1908, Vadodara	Merged with Vijaya Bank and Dena Bank (2019); offers retail, corporate, agriculture and digital banking, with improving profitability.
Punjab National Bank (PNB)	1894	Merged with Oriental Bank of Commerce and United Bank of India (2020); working to reduce NPAs and strengthen digital banking.
Canara Bank	1906, Mangalore	Syndicate Bank amalgamated in (2020); provides retail, corporate, agriculture and digital finance, supported by improved asset quality.
Union Bank of India	1919	Merged with Andhra Bank and Corporation Bank (2020); strong retail, agriculture and corporate presence, with reducing bad loans.
Bank of India	1906, Mumbai (nationalised 1969)	Strong retail, agriculture, corporate and international presence, with improving asset quality and digital services.
Indian Bank	1907, Chennai (nationalised 1969)	Allahabad Bank merged in (2020); serves retail, agriculture, MSME and corporate segments with improving asset quality.
Central Bank of India	1911 (nationalised 1969)	One of the oldest Indian commercial banks, strong in retail, agriculture and MSME finance, with improving profitability.
Indian Overseas Bank (IOB)	1937, Chennai	Historic focus on foreign exchange and international banking, with improving financial health and digital services.
Bank of Maharashtra	1935, Pune (nationalised 1969)	Strong traditional presence in Maharashtra; recorded the most significant improvement in loan growth and profitability among the selected banks.

Overall Performance of Selected Public Sector Banks

The selected Public Sector Banks have played a major role in the development of India's financial system. Although they have faced challenges such as non-performing assets, competition, and changing customer expectations, many of them have improved their financial performance in recent years through banking reforms, mergers, better risk management, digital transformation, and improved recovery of stressed loans. The performance of these banks can be compared using financial ratios such as profitability, liquidity, solvency, and efficiency ratios, which together provide a clear picture of their financial strengths, weaknesses, and overall performance.

II. REVIEW OF LITERATURE

The banking sector plays a vital role in a country's economic development by mobilising savings, providing credit, and supporting industrial and social growth, and Public Sector Banks are particularly significant in India because they are majority-owned by the Government and are responsible for financial inclusion, government welfare schemes, and balanced economic development. Financial ratio analysis is one of the most widely accepted tools for evaluating bank performance because it converts financial statement data into meaningful indicators; ratios such as Return on Assets, Return on Equity, Net Profit Margin, Cost-to-Income Ratio, and Debt-to-Equity Ratio provide insight into a bank's profitability, operational efficiency, solvency, and asset quality. This study draws on the view that a bank's financial strength should be assessed not through a single indicator but through multiple financial measures examined together, and applies this approach to compare the financial health of the selected Public Sector Banks and identify significant differences in their performance over the five-year study period.

Kantharia and Biradar (2022) examined the major factors influencing the performance of public sector banks, using secondary data from CMIE for 12 PSBs over 1992–2021 analysed through panel regression with ROA and ROE as performance measures, and found that the credit-deposit ratio, asset quality, and liquidity ratio negatively influenced performance, while bank size and employee productivity had a positive effect.

Sangeetha (2020) examined the technical efficiency and productivity of public sector banks in India, using secondary data of 19 PSBs for 2005–2018 analysed through Data Envelopment Analysis and the Malmquist Productivity Index, and found that PSBs recorded technical efficiency of between 97 and 100 percent, although productivity varied across banks.

Shah and Hasan (2022) examined the financial performance of selected public sector banks in India, using secondary data from the annual reports of three PSBs analysed through financial ratio analysis for the period 2015–16 to 2019–20, and found that Bank of Baroda recorded a higher net profit margin while SBI recorded the highest loan turnover and operating-expense-to-total-funds ratio.

Maheshwari and Agarwal (2013) examined the financial performance of the State Bank of India using financial ratio analysis over an eleven-year period based on secondary data from SBI's annual reports, and found that SBI maintained strong financial performance and sound financial stability, with continuous improvement across several performance indicators.

Babu and Chalam (2023) examined the determinants of profitability of public sector banks in India, using secondary data of 12 PSBs covering 2010–11 to 2021–22 analysed through descriptive statistics, correlation, and multiple regression, and found that NPA and bank size were negatively related to profitability while GDP was positively related.

Devanand and Rajendra Prasad (2015) examined the performance and profitability of public sector banks in India using secondary data on profitability ratios for the period 1992–93 to 2006–07, and found that PSBs improved their profitability after banking reforms, although their performance in generating profit from deposits remained lower than that of private and foreign banks.

Das and Singh (2018) examined the impact of post-merger and acquisition activities on the financial performance of selected Indian banks, using secondary data from annual reports, the BSE, and the NSE analysed through financial ratios, CAMELS analysis, and a parametric t-test, and found mixed results, with some banks improving in profitability and efficiency while others experienced declines in liquidity and asset utilisation.

Joshi (2020) examined the financial soundness of selected public sector banks using secondary data of 10 PSBs for 2009–10 to 2018–19 analysed through Altman's Z-Score model, correlation, ANOVA, t-test, and regression, and found that all selected banks were in the safe zone, with higher gross NPAs reducing the Z-Score and higher net profits improving financial soundness.

Sonaje and Nerlekar (2017) examined the financial performance of selected banks by applying the CAMELS framework to secondary data from published annual reports, and found that banks with stronger capital adequacy, efficient management, and higher earnings performed better in terms of financial stability and profitability.

Singh (2016) examined the contribution of public sector banks to India's economic development, financial inclusion, and macroeconomic stability through a conceptual study based on secondary reports and policy documents, and found that public sector banks play a vital role in promoting financial inclusion, supporting government welfare schemes, and contributing to sustainable economic growth.

Kumar (2007) examined the relationship between operational efficiency and profitability in Indian public sector banks using secondary data analysed through Data Envelopment Analysis, and found that banks with higher operational efficiency achieved better profitability and improved financial performance.

Thiagarajan and Ramachandran (2011) compared credit risk management practices of public and private sector commercial banks in India using secondary data from published annual reports analysed through comparative ratio analysis and statistical techniques, and found that private sector banks managed credit risk more efficiently, whereas public sector banks maintained comparatively stable lending practices.

Sarkar and Rakshit (2023) investigated how macroeconomic variables influence the profitability of public sector banks in India using panel data analysis of secondary financial data, and found that GDP growth, inflation, and unemployment significantly affected bank profitability.

Rajdeep and Patra (2023) examined the effect of the Basel III Liquidity Coverage Ratio on the profitability of Indian public sector banks using panel data for 2015–2022, and found that maintaining the Liquidity Coverage Ratio positively influenced bank profitability, contrary to the common belief that stricter liquidity requirements reduce profits.

Rahaman and Sur (2021) identified the major factors responsible for the increase in non-performing assets in Indian public sector banks using panel data regression based on secondary financial data from 26 PSBs, and found that operating inefficiency, inflation, and priority sector lending contributed to higher NPAs, whereas stronger capital adequacy and higher net interest margins helped reduce them.

Das and Ghosh (2004) examined the relationship between risk, capital adequacy, and operating efficiency in Indian public sector banks using secondary data and simultaneous equation modelling, and found that higher capital adequacy improves operational efficiency and reduces financial risk.

Singh (2015) evaluated the financial and operational performance of Indian public sector banks using financial ratio analysis together with a Data Envelopment Analysis model, and found that this combined approach provides a comprehensive assessment of bank performance, with non-performing assets identified as a major reason for lower efficiency.

Jha (2024) evaluated the economic and financial performance of Indian public sector banks using the CAMEL rating system applied to recent secondary financial data, and found that capital adequacy, asset quality, earnings, liquidity, and management efficiency are the primary determinants of financial performance, with some banks consistently outperforming others.

Shaikh and Farooqui (2024) assessed the financial resilience of Indian public and private sector banks using the IMF Bankometer S-Score model applied to seven years of secondary financial data, and found that private sector banks showed comparatively higher financial resilience, while public sector banks improved significantly after mergers and recapitalisation initiatives.

Sharma and Gardia (2025) examined the financial health of selected Indian public sector banks after consolidation and merger reforms using secondary data for 2018–2023 analysed through profitability, liquidity, solvency, and efficiency ratios, and found that post-merger public sector banks showed improvements in profitability, capital adequacy, and financial stability, although some continued to face challenges relating to asset quality and operational efficiency.

Research Gap

Most of the studies reviewed above focus on performance determinants, efficiency measurement, macroeconomic influences, mergers, credit risk, or model-based assessments such as Altman's Z-Score, CAMELS, CAMEL, and the Bankometer S-Score, and relatively few provide a recent, comparative ratio-based analysis of a large group of Public Sector Banks covering profitability, liquidity, solvency, and efficiency together. Several of the reviewed studies also rely on comparatively older data or examine only a small number of banks. This study addresses these gaps by comparing the financial performance of ten major Public Sector Banks over the recent five-year period 2022–2026 using six key financial ratios covering liquidity, profitability, solvency, and efficiency.

III. RESEARCH METHODOLOGY

Statement of the Problem

Public Sector Banks play a significant role in the Indian banking system by supporting economic growth and financial inclusion. However, increasing competition, changing economic conditions, rising operational costs, and asset quality issues have made it essential to regularly evaluate their financial performance. Although these banks have shown improvement in certain financial indicators, differences in liquidity, profitability, solvency, and operational efficiency still exist. This study therefore analyses and compares the financial performance of selected Public Sector Banks using key financial ratios over the period 2022–2026 to identify their strengths, weaknesses, and overall financial position.

Need for the Study

The banking sector plays a vital role in the economic development of a country by mobilising savings and providing financial assistance to individuals, businesses, and industries, and Public Sector Banks have a significant role in promoting financial inclusion, supporting government schemes, and contributing to national economic growth. In today's competitive banking environment, evaluating the financial performance of PSBs has become essential to understand their operational efficiency, profitability, liquidity, and solvency. Ratio analysis is an effective financial management tool that helps compare financial statements over different years and identify the strengths and weaknesses of banks, enabling stakeholders, investors, management, and policymakers to make informed decisions.

Objectives of the Study

- To analyse the financial performance of the selected Public Sector Banks using key financial ratios during the period 2022–2026.
- To compare the liquidity, profitability, solvency, and operational efficiency of the selected Public Sector Banks over the five-year study period.
- To evaluate the trend and variation in the financial performance of the selected Public Sector Banks based on the selected financial ratios.
- To identify the strengths and areas for improvement in the financial performance of the selected Public Sector Banks and provide suitable recommendations for enhancing their overall financial efficiency.

Scope of the Study

The scope of this study is limited to analysing the financial performance of selected Public Sector Banks using ratio analysis. The study is based on secondary data collected from annual reports, published financial statements, official bank websites, Reserve Bank of India publications, journals, books, and other reliable sources, and focuses on profitability, liquidity, solvency, efficiency, and leverage ratios for the selected period. The findings are intended to help management, investors, researchers, students, and policymakers understand the financial strengths and weaknesses of Public Sector Banks and support better financial decision-making.

Research Design and Data Collection

The study adopts an analytical research design to evaluate the financial performance of the selected Public Sector Banks and is based entirely on secondary data collected from the published annual reports of the selected banks, Moneycontrol, Reserve Bank of India (RBI) publications, and the official websites of the respective banks.

Sample and Study Period

The study covers 10 selected Public Sector Banks — State Bank of India, Bank of Baroda, Punjab National Bank, Canara Bank, Union Bank of India, Bank of India, Indian Bank, Central Bank of India, Indian Overseas Bank, and Bank of Maharashtra — over a five-year period from 2022 to 2026.

Tools Used in the Analysis

The financial performance of the selected Public Sector Banks is analysed using financial ratio analysis, covering six key ratios: Current Ratio, Return on Assets, Return on Equity, Net Profit Margin, Debt-to-Equity Ratio, and Cost-to-Income Ratio. Descriptive statistics and ANOVA are used to summarise the data and determine whether significant differences exist between the selected banks, and the collected data is organised, calculated, and analysed using Microsoft Excel.

Limitations of the Study

1. The study is based entirely on secondary data collected from published sources.
2. The accuracy of the findings depends on the reliability of the financial statements and annual reports.
3. The study is limited to the selected Public Sector Banks and the chosen study period.
4. Ratio analysis considers only financial information and does not include qualitative factors such as customer satisfaction, employee performance, or managerial efficiency.

INTERNATIONAL JOURNAL OF ECONOMIC SOCIAL SCIENCE AND MANAGEMENT LAW
Peer Reviewed, Referred & Indexed Journal
E-ISSN: 3070-0558
VOL.7, NO.3 (2026)

5. Changes in government policies, economic conditions, and banking regulations during the study period may influence the results.
6. The findings of the study may not be applicable to private sector or foreign banks.
7. Time and resource constraints limited the scope of the analysis.

IV. DATA ANALYSIS AND INTERPRETATION

This section presents the results of the financial ratio analysis of the ten selected Public Sector Banks for the period 2022–2026, covering liquidity, profitability, solvency, and efficiency, together with their interpretation.

4.1 Current Ratio

Formula: Current Ratio = Current Assets ÷ Current Liabilities

Table 4.1: Current Ratio of Selected Public Sector Banks (2022–2026)

Bank	2022	2023	2024	2025	2026
Bank of India	1.01	1.02	1.03	1.04	1.04
State Bank of India	0.98	0.98	0.98	1.00	1.00
Canara Bank	1.00	1.01	1.02	1.03	1.03
Bank of Baroda	1.02	1.03	1.04	1.04	1.05
Indian Bank	1.02	1.03	1.05	1.06	1.06
Punjab National Bank	1.01	1.01	1.02	1.02	1.02
Union Bank	1.01	1.00	1.02	1.03	1.02
Central Bank	1.00	1.01	1.02	1.04	1.04
Bank of Maharashtra	1.01	1.02	1.04	1.05	1.05
Indian Overseas Bank	1.02	1.09	1.12	1.17	1.03

Interpretation

The current ratio of most selected Public Sector Banks remained close to 1.00 throughout the study period, indicating a broadly satisfactory short-term liquidity position. Bank of India improved gradually from 1.01 in 2022 to 1.04 in 2025 and 2026, while State Bank of India remained relatively stable at 0.98 in the initial years before improving to 1.00 in 2025 and 2026. Other banks — Canara Bank, Bank of Baroda, Indian Bank, Punjab National Bank, Union Bank, Central Bank, Bank of Maharashtra, and Indian Overseas Bank — also showed a generally stable or gradually improving trend, with Indian Bank and Bank of Baroda showing comparatively better improvement over the period.

4.2 Return on Assets (ROA)

Formula: ROA = (Net Profit ÷ Average Total Assets) × 100

Table 4.2: Return on Assets (ROA) of Selected Public Sector Banks (2022–2026)

Bank	2022	2023	2024	2025	2026
Bank of India	0.46	0.47	0.69	0.88	0.90
State Bank of India	0.68	0.95	1.01	1.08	1.02
Canara Bank	0.46	0.78	0.96	1.00	1.00
Bank of Baroda	0.57	0.96	1.11	1.10	0.93
Indian Bank	0.59	0.75	1.02	1.25	1.23
Punjab National Bank	0.27	0.21	0.52	0.94	0.84
Union Bank	0.44	0.65	0.98	1.19	1.18

Bank	2022	2023	2024	2025	2026
Central Bank	0.27	0.40	0.58	0.79	0.81
Bank of Maharashtra	0.50	0.97	1.32	1.49	1.64
Indian Overseas Bank	0.57	0.67	0.76	0.86	1.15

Interpretation

The Return on Assets of the ten selected banks improved overall between 2022 and 2026, reflecting better profitability and more efficient utilisation of assets. Bank of Maharashtra emerged as the best-performing bank, with its ROA rising consistently from 0.50 percent in 2022 to 1.64 percent in 2026, while Punjab National Bank recorded the lowest ROA of 0.21 percent in 2023 before recovering strongly. All ten banks recorded a higher ROA in 2026 than in 2022, although SBI, Bank of Baroda, and Indian Bank experienced a slight decline in 2026 after reaching higher values in 2025 or earlier.

4.3 Return on Equity (ROE)

Formula: ROE = (Net Profit ÷ Average Shareholders' Equity) × 100

Table 4.3: Return on Equity (ROE) of Selected Public Sector Banks (2022–2026)

Bank	2022	2023	2024	2025	2026
Bank of India	6.03	6.42	9.05	11.57	11.79
State Bank of India	11.90	15.76	16.42	16.22	14.29
Canara Bank	8.28	13.85	16.04	16.45	16.10
Bank of Baroda	8.38	13.98	15.38	13.97	11.74
Indian Bank	8.88	10.77	13.49	15.37	15.28
Punjab National Bank	3.77	2.98	7.55	13.10	11.40
Union Bank	7.35	10.70	14.05	15.74	14.06
Central Bank	3.86	5.51	7.96	10.35	11.50
Bank of Maharashtra	8.19	16.48	20.41	19.23	21.13
Indian Overseas Bank	7.36	8.46	9.67	10.53	14.65

Interpretation

Return on Equity improved across all ten selected banks between 2022 and 2026, indicating stronger returns generated for shareholders. Bank of Maharashtra recorded the highest ROE of 21.13 percent in 2026, while Punjab National Bank recorded the lowest ROE of 2.98 percent in 2023, though it later showed a substantial recovery. Bank of Maharashtra showed the strongest overall performance, while PNB experienced the greatest year-to-year variation but also the most significant recovery after its 2023 decline.

4.4 Net Profit Margin (NPM)

Formula: NPM = (Net Profit ÷ Total Income) × 100

Table 4.4: Net Profit Margin (NPM) of Selected Public Sector Banks (2022–2026)

Bank	2022	2023	2024	2025	2026
Bank of India	7.36	7.04	9.49	11.61	12.39
State Bank of India	8.93	11.95	11.46	11.91	11.95
Canara Bank	6.15	9.72	10.62	11.36	12.38
Bank of Baroda	8.77	13.26	12.98	13.38	12.42

Bank	2022	2023	2024	2025	2026
Indian Bank	8.63	10.10	12.66	15.26	15.61
Punjab National Bank	4.16	3.10	6.80	12.42	11.44
Union Bank	6.37	8.68	11.60	13.79	14.63
Central Bank	4.11	5.41	7.24	9.62	10.53
Bank of Maharashtra	7.35	14.32	17.26	19.44	21.39
Indian Overseas Bank	7.90	8.94	8.97	10.06	14.36

Interpretation

The Net Profit Margin of the selected banks improved considerably during 2022–2026. Bank of Maharashtra recorded the highest NPM of 21.39 percent in 2026, with a consistent upward trend throughout the period, while Punjab National Bank recorded the lowest NPM of 3.10 percent in 2023 before recovering to 11.44 percent by 2026. All ten banks recorded higher NPM values in 2026 than in 2022, indicating a general strengthening in their ability to convert income into net profit, despite minor fluctuations in some banks along the way.

4.5 Debt-to-Equity Ratio

Formula: Debt-to-Equity Ratio = Total Debt ÷ Shareholders' Equity, where Total Debt = Deposits + Borrowings

Table 4.5: Debt-to-Equity Ratio of Selected Public Sector Banks (2022–2026)

Bank	2022	2023	2024	2025	2026
Bank of India	11.62	12.20	11.64	11.69	11.67
State Bank of India	14.85	13.90	13.51	12.42	11.44
Canara Bank	16.19	15.85	14.87	14.67	14.64
Bank of Baroda	12.90	12.78	12.14	11.14	11.13
Indian Bank	13.59	12.99	11.80	10.89	10.92
Punjab National Bank	12.44	13.22	13.15	12.64	12.22
Union Bank	15.32	14.76	12.82	11.77	10.39
Central Bank	12.73	12.60	12.53	11.80	12.83
Bank of Maharashtra	14.94	15.51	14.01	11.53	11.61
Indian Overseas Bank	11.42	11.33	11.48	10.99	11.35

Interpretation

The debt-to-equity ratio of the selected banks generally declined over the study period, reflecting reduced financial leverage. Canara Bank recorded the highest ratio of 16.19 in 2022, while Indian Overseas Bank recorded the lowest ratio of 10.99 in 2025. Union Bank showed the most significant improvement, with its ratio declining from 15.32 in 2022 to 10.39 in 2026, and SBI, Canara Bank, Bank of Baroda, Indian Bank, and Bank of Maharashtra also recorded a considerable reduction. Bank of India and Central Bank, in contrast, showed a slight increase over the period, and the ratio remained relatively high across all banks, underlining the continued importance of maintaining adequate capital strength.

4.6 Cost-to-Income Ratio

Formula: Cost-to-Income Ratio = (Operating Expenses ÷ Operating Income) × 100, where Operating Income = Total Income − Operating Expenses

Table 4.6: Cost-to-Income Ratio of Selected Public Sector Banks (2022–2026)

Bank	2022	2023	2024	2025	2026
Bank of India	11.26	11.07	8.96	8.38	9.00
State Bank of India	36.68	35.57	33.25	32.36	35.07
Canara Bank	17.26	15.51	16.12	13.97	7.70
Bank of Baroda	13.97	14.79	12.43	12.80	14.24
Indian Bank	9.50	9.58	8.63	8.44	8.73
Punjab National Bank	9.44	9.37	8.19	7.70	8.38
Union Bank	11.90	11.76	10.28	10.14	12.75
Central Bank	10.69	10.84	10.74	10.81	10.14
Bank of Maharashtra	10.66	9.66	8.07	7.86	8.82
Indian Overseas Bank	7.70	9.06	7.52	8.67	8.55

Interpretation

The Cost-to-Income Ratio of the selected banks showed a mixed but generally improving trend in operating efficiency. SBI recorded the highest ratio throughout the period, at 36.68 percent in 2022 and 35.07 percent in 2026, while Canara Bank recorded the lowest ratio of 7.70 percent in 2026 and showed the most significant improvement, declining from 17.26 percent in 2022. Bank of India, Indian Bank, PNB, and Bank of Maharashtra also improved their cost efficiency over the study period, whereas Bank of Baroda, Union Bank, and Indian Overseas Bank recorded an increase in their ratios between 2022 and 2026, indicating a continued need for cost control in some banks.

V. FINDINGS, SUGGESTIONS AND CONCLUSION

Findings

1. The current ratio of most selected Public Sector Banks remained close to 1:1, indicating that the banks maintained a satisfactory short-term liquidity position throughout the study period.
2. Indian Bank, Bank of Baroda, Bank of Maharashtra, and Bank of India showed gradual improvement in their current ratios, while SBI maintained a stable liquidity position.
3. The Return on Assets (ROA) of almost all selected banks improved during the study period, showing better utilisation of assets to generate profits.
4. Bank of Maharashtra recorded the highest ROA in 2026, indicating excellent asset utilisation, whereas Punjab National Bank showed the lowest ROA during the initial years but improved later.
5. The Return on Equity (ROE) increased in all selected banks, showing that the banks generated better returns for shareholders over the five-year period.
6. Bank of Maharashtra achieved the highest ROE among all selected banks, while Punjab National Bank recorded the lowest ROE in 2023 before recovering significantly.
7. The Net Profit Margin (NPM) showed an increasing trend in most banks, indicating improvement in overall profitability and effective control over expenses.
8. Most selected banks reduced their Debt-to-Equity Ratio, indicating lower dependence on borrowings and stronger financial stability; Union Bank showed the greatest improvement in leverage management.
9. The Cost-to-Income Ratio decreased in many banks, indicating improved operational efficiency; Canara Bank showed the best improvement, while SBI continued to have a comparatively higher operating cost ratio.
10. Overall, the financial performance of the selected Public Sector Banks improved between 2022 and 2026, mainly due to better profitability, improved asset quality, digital banking initiatives, banking reforms, and effective financial management.

Suggestions

1. Banks should continue to improve the quality of their loan portfolio by reducing non-performing assets through better credit appraisal and regular monitoring.
2. Greater attention should be given to improving profitability by increasing quality lending and controlling unnecessary operating expenses.
3. Banks with comparatively lower profitability should focus on making better use of their assets and shareholders' funds to improve returns.
4. Continuous investment in digital banking and technology should be encouraged to provide faster, safer, and more convenient banking services.
5. Employee training and skill development programmes should be strengthened to improve productivity and customer service.
6. Banks should regularly review their financial performance through ratio analysis so that problems can be identified and corrected at an early stage.
7. Strong risk management practices should be adopted to maintain financial stability during changing economic conditions.
8. Customer satisfaction should be given higher priority by improving service quality, reducing waiting time, and introducing innovative banking products.
9. Banks should maintain a balanced capital structure to reduce financial risk and strengthen long-term sustainability.
10. Management should continue focusing on operational efficiency so that income grows faster than operating costs.

Conclusion

This study analysed the financial performance of ten selected Public Sector Banks in India using key financial ratios for the period 2022–2026. The findings show that certain banks command comparatively larger resources, higher profitability, and lower operating costs than others, and that ratios such as Return on Assets, Return on Equity, and Net Profit Margin are useful indicators of how effectively bank management uses assets and shareholders' funds to generate profits. A general reduction in debt-to-equity ratios across the sample also points to improved banking practices and reduced dependence on external borrowings. Among the selected banks, Bank of Maharashtra recorded the strongest overall performance during the study period, although it too showed year-to-year variation. While some banks continue to face challenges relating to costs and revenue, the overall trend in financial performance is positive, supported by banking reforms, stronger risk management, and the wider use of digital banking channels. Going forward, Public Sector Banks are likely to benefit from continuing to prioritise efficiency, customer service, and prudent financial management in order to remain competitive and to continue contributing to the development of the Indian economy.

BIBLIOGRAPHY

Websites

- Moneycontrol — Financial information of Indian public sector banks (www.moneycontrol.com).
- National Stock Exchange of India (NSE) — www.nseindia.com.
- Bombay Stock Exchange (BSE) — www.bseindia.com.

Others

- Published research articles and journals related to ratio analysis of public sector banks.
- Annual reports of selected public sector banks in India (2022–2026).

REFERENCES

- Das, A., & Ghosh, S. (2004). Risk, capital and operating efficiency: Evidence from Indian public sector banks. Indian Institute of Management.
- Singh, C. (2016). An essay on banking and macroeconomics: Role of public sector banks in India. Springer.
- Das, S., & Singh, S. (2018). Impact of post-merger and acquisition activities on the financial performance of selected banks in India. International Journal of Management Studies.

- Devanand, H. N., & Rajendra Prasad, T. (2015). Performance analysis of public sector banks in India. International Journal of Applied Research, 1(12), 820–824.
- Jha, D. K. (2024). Analysis of the economic and financial performance of public sector banks in India using CAMEL rating system. International Journal of Research Publication and Reviews.
- Joshi, M. K. (2020). Financial performance analysis of select Indian public sector banks using Altman's Z-Score model. Journal of Critical Reviews, 7(13), 2262–2269.
- Kantharia, N., & Biradar, R. (2022). What influences the performance of banks? Evidence from public sector banks in India. Journal of Public Affairs.
- Kumar, S. (2007). An analysis of efficiency–profitability relationship in Indian public sector banks. ICFAI Journal of Bank Management.
- Maheshwari, N., & Agarwal, R. (2013). Evaluating financial performance of State Bank of India through financial ratios. International Journal of Research in Commerce and Management.
- Rahaman, S. M., & Sur, D. (2021). Identifying key drivers of non-performing assets in Indian public sector banks: A panel data analysis. Vision: The Journal of Business Perspective.
- Rajdeep, S., & Patra, B. (2023). Does Basel III liquidity coverage ratio affect the profitability of Indian public sector banks? Journal of Financial Regulation and Compliance.
- Sarkar, S., & Rakshit, D. (2023). Macroeconomic factors affecting the profitability of commercial banks: A case study of public sector banks in India. International Journal of Finance and Economics.
- Shaikh, A., & Farooqui, A. (2024). Empirical analysis of Indian public and private sector banks' financial resilience using the Bankometer S-Score model. International Journal of Financial Studies.
- Sharma, S., & Gardia, A. (2025). Decoding PSB financial health post-consolidation: A ratio-based empirical study of selected Indian public sector banks (2018–2023). International Journal of Accounting and Finance.
- Shah, R., & Hasan, H. A. (2022). A study of financial performance of public sector banks of India. International Journal of Creative Research Thoughts (IJCRT).
- Singh, P. (2015). Using ratio analysis and data envelopment model to evaluate the performance of public sector banks in India. Research Publish Journals.
- Sonaje, V. H., & Nerlekar, S. S. (2017). Financial performance analysis of selected banks using CAMELS approach. International Journal of Commerce and Management Research.
- Thiagarajan, S., & Ramachandran, A. (2011). An empirical analysis and comparative study of credit risk ratios between public and private sector commercial banks in India. International Journal of Business and Management.
- Sangeetha, R. (2020). How efficient are public sector banks in India? A non-parametric approach. Indian Journal of Finance.
- Babu, S., & Chalam. (2023). Determinants of profitability of public sector banks in India. International Journal of Research in Finance and Management.