

## Healthy Performance of Indian Private Sector Banks: A Financial Insight into Select Banks

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### ABSTRACT

One of the world's most robust and diverse industries is the banking sector in India. Additionally, it contains various subsectors in banking, like the public sector, private sector, cooperative sector, and so on. Hence, a financial performance review of leading private sector banks at this juncture becomes relevant. The study considers the financial performance of HDFC, ICICI, and AXIS banks using performance indicators like interest earned, net profits, earnings per share, reserves, and cash flow from business activities. The results have been analysed and interpreted using statistical tools like arithmetic means, variances, and hypothesis testing.

**Keywords:** Interest Income, Net Profit, Earnings per Share, Cash Flow from Operating, Financing, Investing Activities, Private Sector Banks.

### Introduction

In terms of the banking sector, India ranks among the most technologically advanced and effective nations. Furthermore, private-sector banks have contributed significantly to the Indian economy in general and banking in particular. These banks were the first to introduce innovations that significantly improve bank and customer performance. This article attempts to compare the performances of the leading private sector banks of India and confirm their performance in terms of financial efficiency.

### Review of Literature

The following information is needed to understand the financial performance of Indian private sector banks: A literature review was conducted.

**(M. Selvakumar, 2019)** Discussed the performance of new-generation private sector banks in India and pointed out that there was no observed difference in their performance in the previous decade in India.

**(Press information Bureau, 2025)** Explained that, since 2021, the Indian banking sector has performed significantly better than it did prior to the pandemic. The banks' improved asset quality, profitability, and volume of deposits are the primary factors.

**(5 paisa.com, 2026)** Listed out the top private sector banks in India during the year 2026 as HDFC, ICICI and AXIS for their consistent top performance during the past five years after the pandemic.

### Objectives of the Study

- To study the financial performance of the private banks during the observation period using interest income, net profit, earnings per share, reserves, and cash flow.
- Using the aforementioned parameters, to contrast the performance of the banks.

**Hypothesis of the Study**

**(H0)** There is no significant difference between the financial performances of the banks.

**(H1)** There is a significant difference between the financial performances of the banks.

**Methodology of the Study**

- **Sources of Data:** The study considers secondary data collected from annual reports published by the banks.
- **Period of the Study:** The study has considered a period of five years starting from 2022 to 2026.
- **Plan of Analysis:** Interest income, other income earned, net profit recorded, earnings per share made, reserves generated and cash flow from various activities have served as performance parameters. Additionally, these parameters have been measured using arithmetic mean, standard deviation and covariance. A chi-square test has been conducted to extract P values. A P value of 0.5 or higher indicates no significant difference; a P value 0.5 to 0.2 shows a low significant difference, and a P value below 0.2 highlights a significant difference between the performances of banks.
- **Limitations of the Study:** The study has considered the performance of only five years. Additionally, the suggestions made are based on the P values derived from the chi-square test.

**Profile of the Banks**

- **HDFC:** In August 1994, HDFC Bank was founded under the name HDFC Bank Limited and has its registered office in Mumbai, India. In January 1995, the bank began operations as a Scheduled Commercial Bank. The Bank's distribution network consisted of 9,689 branches and 21,172 ATMs in 4,175 cities as of March 31, 2026. Half of the branches are located in semi-urban and rural areas.
- **ICICI:** In 1955, representatives of Indian industry, the World Bank, and the Indian government initiated the formation of ICICI. The primary objective was to establish a development finance institution to provide Indian businesses with medium- and long-term project financing. With 6,983 branches and 16,285 ATMs across the country, it is currently one of India's leading private sector banks.
- **AXIS:** As a subsidiary of Unit Trust of India, a Government of India organization, AXIS bank opened its doors on December 3, 1993, as UTI Bank. Its registered office was in Ahmedabad, and its corporate office was in Mumbai. As of March 31, 2026, Axis Bank has a robust distribution network in India consisting of 6,275 branches and 12,796 ATMs, and cash recyclers. It is the third-largest private sector bank in India because nearly 47% of its branches are in rural and semi-urban areas.

**Results, Analysis and Findings**

- **Interest Income**

Interest Income in Crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	58,584	77,780	1,54,139	1,83,894	1,85,491	1,31,978	59,946	45
ICICI	41,167	50,543	74,108	89,028	89,029	68,775	22,042	32
AXIS	34,923	43,389	61,391	71,036	74,075	56,963	17,179	30

(Source: Annual report from bank website), (Table compiled by author)

When the CVs of the incomes are observed, AXIS Bank is the most consistent, while HDFC Bank has the highest mean interest income among the banks.

**Conclusion:** HDFC is the leader in interest income

- **Chi-square Test for Interest Income**

Interest Income (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	58,584	77,780	1,54,139	1,83,894	1,85,491	6,59,888
ICICI	41,167	50,543	74,108	89,028	89,029	3,43,875
AXIS	34,923	43,389	61,391	71,036	74,075	2,84,814
Column	1,34,674	1,71,712	2,89,638	3,43,958	3,48,595	12,88,577

Interest Income (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	68,967	87,935	1,48,325	1,76,143	1,78,518	6,59,888
ICICI	35,940	45,824	77,294	91,790	93,028	3,43,875
AXIS	29,767	37,953	64,019	76,025	77,050	2,84,814
Column	1,34,674	1,71,712	2,89,638	3,43,958	3,48,595	12,88,577
Chi Square	<b>P=0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

The table displayed above shows that there is no noticeable difference between the actual and expected values.

**Conclusion:** Null hypothesis accepted.

- **Other Incomes Earned**

Other income in crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	31,759	33,912	1,24,346	1,34,548	1,46,848	94,283	56,661	60
ICICI	62,129	65,112	76,522	1,08,255	1,16,900	85,784	25,228	29
AXIS	17,268	18,349	25,230	28,543	29,674	23,813	5,732	24

(Source: Annual report from bank website), (Table compiled by author)

From an insight into the other sources of income of the banks, it is seen that HDFC is the leading bank, followed by ICICI. But AXIS is the most stable with a CV of 24.

**Conclusion:** AXIS bank has the most stable, other source income.

- **Chi-square test for other incomes**

Other Incomes (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	31,759	33,912	1,24,346	1,34,548	1,46,848	4,71,413
ICICI	62,129	65,112	76,522	1,08,255	1,16,900	4,28,918
AXIS	17,268	18,349	25,230	28,543	29,674	1,19,064
Column	1,11,156	1,17,373	2,26,098	2,71,346	2,93,422	10,19,395
Other Incomes (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	51,403	54,278	1,04,558	1,25,482	1,35,691	4,71,413
ICICI	46,770	49,386	95,132	1,14,171	1,23,459	4,28,918
AXIS	12,983	13,709	26,408	31,693	34,271	1,19,064
Column	1,11,156	1,17,373	2,26,098	2,71,346	2,93,422	10,19,395
Chi Square	<b>P=0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

An inquiry into the above table shows that there is no crucial difference among the other income sources of the banks.

**Conclusion:** Null hypothesis accepted.

- **Net Profit Earned**

Net profit in crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	38,151	46,149	65,446	73,440	79,219	60,481	17,662	29
ICICI	26,538	35,461	46,081	54,569	57,936	44,117	13,115	30
AXIS	14,207	10,919	26,492	28,191	26,548	21,271	8,063	38

(Source: Annual report from bank website), (Table compiled by author)

Net profit earned is the indicator of financial efficiency; HDFC is the group leader even in this respect, followed by ICICI and then AXIS Bank.

**Conclusion:** HDFC is the most stable net profit making bank.

- **Chi-square Test for Net Profits**

Net Profit (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	38,151	46,149	65,446	73,440	79,219	3,02,405
ICICI	26,538	35,461	46,081	54,569	57,936	2,20,585
AXIS	14,207	10,919	26,492	28,191	26,548	1,06,357
Column	78,896	92,529	1,38,019	1,56,200	1,63,703	6,29,347
Net Profit (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	37,910	44,461	66,319	75,055	78,660	3,02,405
ICICI	27,653	32,431	48,375	54,748	57,378	2,20,585
AXIS	13,333	15,637	23,325	26,397	27,665	1,06,357
Column	78,896	92,529	1,38,019	1,56,200	1,63,703	6,29,347
Chi Square	<b>P=0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

An observation in the above table shows that there is no noteworthy difference between the profits made by the banks during the given observation period.

**Conclusion:** Null hypothesis accepted.

- **Earnings Per Share**

EPS in rupees								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	34	41	42	46	49	43	6	13
ICICI	36	49	63	72	76	59	16	28
AXIS	46	35	85	91	85	68	26	38

(Source: Annual report from bank website), (Table compiled by author)

AXIS Bank has the highest earnings per share in this group, followed by ICICI and HDFC. But HDFC is the most stable in terms of earnings per share.

**Conclusion:** AXIS banks has the highest earnings per share.

- **Chi-square test for Earnings per Share**

EPS (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	34	41	42	46	49	213
ICICI	36	49	63	72	76	295
AXIS	46	35	85	91	85	342
Column	116	125	191	208	210	851
EPS (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	29	31	48	52	53	213
ICICI	40	43	66	72	73	295
AXIS	47	50	77	84	84	342
Column	116	125	191	208	210	851
Chi Square	<b>0.11</b>					

(Table compiled by author), (Significance of P value at 0.05)

The difference in earnings per share is an indicator of management attitude towards distributing profits, which is evident from the above table.

**Conclusion:** Null hypothesis rejected.

- **Reserves of Profits**

Reserves in crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	2,46,772	2,88,880	4,55,636	5,21,024	5,79,975	4,18,457	1,45,135	35
ICICI	1,80,663	2,13,101	2,54,739	3,12,481	3,58,946	2,63,986	72,434	27
AXIS	1,17,647	1,29,166	1,56,406	1,86,616	2,12,957	1,60,558	39,588	25

(Source: Annual report from bank website), (Table compiled by author)

Reserves are the indicators of accumulated profits. In this criterion, HDFC also has the highest mean reserves, whereas AXIS bank has the lowest. Alternatively, AXIS is the most consistent in reserve accumulation.

**Conclusion:** HDFC has the highest profit reserves.

• **Chi-square Test for Reserves of Profits**

Reserves (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	2,46,772	2,88,880	4,55,636	5,21,024	5,79,975	20,92,287
ICICI	1,80,663	2,13,101	2,54,739	3,12,481	3,58,946	13,19,930
AXIS	1,17,647	1,29,166	1,56,406	1,86,616	2,12,957	8,02,792
Column	5,45,082	6,31,147	8,66,781	10,20,121	11,51,878	42,15,009
Reserves (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	2,70,573	3,13,295	4,30,261	5,06,378	5,71,780	20,92,287
ICICI	1,70,692	1,97,644	2,71,432	3,19,451	3,60,711	13,19,930
AXIS	1,03,816	1,20,208	1,65,087	1,94,293	2,19,387	8,02,792
Column	5,45,082	6,31,147	8,66,781	10,20,121	11,51,878	42,15,009
<b>Chi Square</b>	<b>0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

The table of reserves shows that there is no noteworthy difference between the profits made by the banks.

**Conclusion:** Null hypothesis accepted.

• **Cash Flow from Operating Activities**

Cash flow from operating activities in crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	-11,960	20,814	19,069	1,27,242	1,13,506	53,734	62,404	116
ICICI	58,111	-3,771	1,57,284	1,22,805	67,325	80,351	62,173	77
AXIS	28,137	22,075	-5,555	44,384	-8,637	16,081	22,701	141

(Source: Annual report from bank website), (Table compiled by author)

ICICI Bank is the most consistent in terms of cash flow from operating activities and has the highest mean cash flows as well.

**Conclusion:** ICICI bank is the most consistent.

• **Chi-square Test for Cash Flow from Operating Activities**

Cash flow from operating activities (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	-11,960	20,814	19,069	1,27,242	1,13,506	2,68,671
ICICI	58,111	-3,771	1,57,284	1,22,805	67,325	4,01,754
AXIS	28,137	22,075	-5,555	44,384	-8,637	80,404
Column	74,288	39,118	1,70,798	2,94,431	1,72,194	7,50,829
Cash flow from operating activities (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	26,583	13,998	61,117	1,05,357	61,617	2,68,671
ICICI	39,750	20,931	91,391	1,57,544	92,138	4,01,754
AXIS	7,955	4,189	18,290	31,530	18,440	80,404
Column	74,288	39,118	1,70,798	2,94,431	1,72,194	7,50,829
<b>Chi Square</b>	<b>0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

It is observed that there is no high difference between the cash flow from activities between the banks.

**Conclusion:** Null hypothesis accepted.

- **Cash flow from investing activities**

Cash flow from investing activities in crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	-2,051	-2,992	16,600	-3,651	6,363	2,854	8,686	304
ICICI	-40,007	-67,689	-1,44,737	-77,140	-13,014	-68,517	49,442	-72
AXIS	-27,112	-32,351	-9,001	-51,178	-45,917	-33,112	16,645	-50

(Source: Annual report from bank website), (Table compiled by author)

Negative cash flow from investment activity shows investment in capital assets, which is very high in ICICI, followed by AXIS Bank.

**Conclusion:** ICICI bank has incurred the highest negative cash flows.

- **Chi-square Test for Cash Flow from Investing Activities**

Cash flow from investing activities (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	-2,051	-2,992	16,600	-3,651	6,363	14,269
ICICI	-40,007	-67,689	-1,44,737	-77,140	-13,014	-3,42,587
AXIS	-27,112	-32,351	-9,001	-51,178	-45,917	-1,65,559
Column	-69,170	-1,03,032	-1,37,138	-1,31,969	-52,568	-4,93,877
Cash flow from investing activities (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	1,998	2,977	3,962	3,813	1,519	14,269
ICICI	-47,981	-71,470	-95,128	-91,543	-36,465	-3,42,587
AXIS	-23,187	-34,539	-45,972	-44,239	-17,622	-1,65,559
Column	-69,170	-1,03,032	-1,37,138	-1,31,969	-52,568	-4,93,877
<b>Chi Square</b>	<b>0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

The table discussed above points out that all the banks have experienced negative cash flows from investment activities.

**Conclusion:** Null hypothesis accepted.

- **Cash Flow from Financing Activities**

Cash Flow from Financing Activities in Crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
HDFC	48,124	23,941	-3,983	-1,02,478	-59,005	-18,680	61,530	-329
ICICI	17,451	24,791	13,765	5,589	-4,661	11,387	11,328	99
AXIS	47,894	6,641	22,341	-7,000	60,358	26,047	28,004	108

(Source: Annual report from bank website), (Table compiled by author)

A negative cash flow from financing activities shows dividend pay-outs and debt repayment, and AXIS Bank has the highest positive cash flow at one end and HDFC at the other with the highest variation.

**Conclusion:** AXIS bank and ICICI have highest positive cash flow from financing activities.

- **Chi-square Test for Cash Flow from Financing Activities**

Cash flow from financing activities (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	48,124	23,941	-3,983	-1,02,478	-59,005	-93,401
ICICI	17,451	24,791	13,765	5,589	-4,661	56,935
AXIS	47,894	6,641	22,341	-7,000	60,358	1,30,234
Column	1,13,469	55,373	32,123	-1,03,889	-3,308	93,768
Cash flow from financing activities (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
HDFC	-1,13,025	-55,156	-31,997	1,03,482	3,295	-93,401
ICICI	68,897	33,622	19,505	-63,080	-2,009	56,935
AXIS	1,57,597	76,907	44,616	-1,44,291	-4,594	1,30,234
Column	1,13,469	55,373	32,123	-1,03,889	-3,308	93,768
<b>Chi Square</b>	<b>0.00</b>					

(Table compiled by author), (Significance of P value at 0.05)

All three banks have experienced negative cash flows in one or the other year, and it also points out that there is no notable difference between them.

**Conclusion:** Null hypothesis accepted.

#### **Suggestions**

- Banks need to stresscore banking income more than other sources in the long run.
- Banks have to search prudent investment avenues for investing their reserves, resulting in much better earnings.
- A vigilant monitoring of cash flows from operating activities is essential to maintain smooth banking operations.
- Financing and investing activities for long term business development are advisable but with care to avoid excessive negative flow.
- Private sector banks rely heavily on technologies like AI, blockchain and cloud computing, which in turn have to benefit not only banks but also shareholders and customers.

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