

# An Analytical Study on Trend and Forecasting of Selected Private Sector Banks in India

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## ABSTRACT

This study examines the trends and forecasting of reserves and deposits in selected private sector banks in India. Reserves, which represent the portion of profits retained by the banks, are crucial for enhancing financial stability and meeting regulatory requirements. Analyzing the growth in reserves provides insights into the bank's ability to cushion against future uncertainties and risks. Deposits, on the other hand, serve as a vital indicator of customer confidence and liquidity. The growth and trend in deposit levels are key to assessing the bank's ability to fund loans and manage its liquidity position effectively. By focusing on the trends in reserves and deposits, this study aims to provide a clear understanding of how these factors contribute to the overall financial stability, growth potential, and resilience of private sector banks in a competitive financial landscape.

**Keywords:** banks, reserves, deposits, private banks

## I. INTRODUCTION

"The financial performance of banks is a critical indicator of their stability and overall economic impact. For banks like Federal Bank and Bandhan Bank, understanding the key factors influencing their reserves and deposits is essential for making strategic decisions that foster sustainable growth and strengthen shareholder value. This study explores the trends in reserves and deposits, which play a significant role in the financial health of these banks.

Deposits, as the primary source of funding, are crucial to a bank's liquidity and lending potential. Understanding the trends in deposit growth provides insight into customer confidence, market trust, and liquidity management. Federal Bank, with its strong presence in urban areas, has focused on maintaining a steady inflow of deposits to meet its lending obligations. In contrast, Bandhan Bank, with its unique focus on rural and underbanked populations, tailors its deposit-gathering strategies to meet the needs of its customer base while ensuring liquidity.

The efficient management of reserves and deposits is critical to both banks' financial strategies, ensuring their capacity to meet obligations while maintaining healthy liquidity levels. Federal Bank and Bandhan Bank monitor these metrics closely, as they directly affect their ability to fund loans, manage risks, and plan for future growth. Trends in deposit growth also help assess the competitive positioning of these banks in the financial sector.

## II. REVIEW OF LITERATURE

**Gupta, A., & Mehra, V. (2017).** This study analyzes the role of deposit growth in enhancing the financial performance of Indian banks. By examining data from 20 private sector banks over a 15-year period, the authors find that higher deposits are closely linked to increased profitability and improved liquidity. The study also highlights the need for banks to balance deposit growth with efficient fund utilization to maximize returns.

**Rao, P., & Thomas, M. (2019).** This paper explores the impact of reserves on the financial stability of Indian private sector banks. The authors show that banks with larger reserves tend to have higher capital adequacy and are better positioned to manage economic downturns. The findings suggest that maintaining adequate reserves is key to ensuring resilience in a competitive financial market.

**Singh, K., & Verma, S. (2020).** This research focuses on how effective liquidity management strategies influence the overall performance of Indian banks. Analyzing data from a sample of private and public sector banks, the study finds that

banks with robust liquidity frameworks are better equipped to handle short-term obligations and sustain profitability during periods of financial stress.

**Das, S., & Roy, T. (2018).** This study examines the relationship between deposit mobilization and profitability in private sector banks in India. Using data from major private banks over a 10-year period, the authors conclude that consistent deposit growth contributes significantly to bank profitability, allowing for more extensive lending operations and improved market valuation.

**Kumar, R., & Sharma, P. (2021).** This paper investigates the relationship between reserves management and profitability in Indian private sector banks. The authors find that banks with higher reserves not only exhibit greater financial stability but also achieve higher profitability due to their enhanced capacity to absorb losses. The study recommends a balanced approach to reserves management for sustainable long-term growth.

### III. OBJECTIVE

To assess the trend and forecasting of selected private sector banks in India.

**Table 1:** Actual and Trend Value for Total Deposits of Selected Private Sector Banks  
 (Rs. in Crores)

Year	HDFC		ICICI		AXIS		KOTAK	
	Actual value	Trend value	Actual value	Trend value	Actual value	Trend value	Actual value	Trend value
2014-15	450795.64	261387	361562.73	269884.6	322441.9	253759.2	59072.33	57967.51
2015-16	546424.19	462361.7	421425.71	384324.7	357967.6	336959.4	74860.31	91001.97
2016-17	643639.66	663336.4	490039.06	498764.8	414378.8	420159.6	138643	124036.4
2017-18	788770.64	864311.1	560975.21	613204.9	453622.7	503359.8	157425.9	157070.9
2018-19	923140.93	1065286	652919.67	727645	548471.3	586560	192643.3	190105.4
2019-20	1147502.29	1266261	770968.99	842085.1	640104.9	669760.2	225880.4	223139.8
2020-21	1335060.22	1467235	932522.16	956525.2	707306.1	752960.4	262820.5	256174.3
2021-22	1559217.44	1668210	1064571.61	1070965	821720.9	836160.6	280100.1	289208.7
2022-23	1883394.65	1869185	1180840.7	1185405	946945.2	919360.8	311684.1	322243.2
2023-24	2379786.28	2070159	1412824.95	1299846	1068641	1002561	363096.1	355277.7
<b>T.E</b>	$Y_t = 60412 + 200975*t$		$Y_t = 155444 + 114440*t$		$Y_t = 170559 + 83200*t$		$Y_t = 24933 + 33034*t$	

Source: CMIE Report  $RegEqn = 0.0 + 1.00 * T.T.E - Trend Equation$

**Table 2:** Actual and Trend Value for Total Deposits of Selected Private Sector Banks  
 (Rs. in Crores)

Year	IDBI		YES		FEDERAL		IDFC FIRST	
	Actual value	Trend value	Actual value	Trend value	Actual value	Trend value	Actual value	Trend value
2014-15	259836	252834.3	91175.85	108170.9	70824.99	59597.6	0	-10189.1
2015-16	265719.8	251960.3	111719.5	122432.8	79171.71	78957.32	8219.05	9225.144
2016-17	268538.1	251086.2	142873.9	136694.7	97664.56	98317.04	40208.22	28639.36
2017-18	247931.6	250212.1	200738.2	150956.6	111992.5	117676.8	48198.2	48053.57
2018-19	227371.7	249338.1	227610.2	165218.4	134954.3	137036.5	70479.01	67467.78
2019-20	222424.1	248464	105363.9	179480.3	152290.1	156396.2	65107.97	86881.99
2020-21	230898.4	247589.9	162946.6	193742.2	172644.5	175755.9	88688.42	106296.2
2021-22	233134.4	246715.9	197191.7	208004.1	181700.6	195115.6	105634.4	125710.4
2022-23	255498.9	245841.8	217501.9	222266	213386	214475.3	144637.3	145124.6
2023-24	277657.2	244967.7	266372.2	236527.9	252534	233835.1	200576.3	164538.8
<b>T.E</b>	$Y_t = 253708 - 874.064 * t$		$Y_t = 93909 + 14262 * t$		$Y_t = 40238 + 19360 * t$		$Y_t = -29603 + 19414 * t$	

Source: CMIE Report Reg Eqn= 0.0 + 1.00 \*T.T.E-Trend Equation

**Table 3:** Anova for Total Deposits of Selected Private Sector Banks

S.no	Name of the Banks	R <sup>2</sup>	F-value	p-value	S/NS
1	<b>HDFC</b>	83.3	39.82	0.000	S
2	<b>ICICI</b>	55.1	9.80	0.019**	S
3	<b>AXIS</b>	59.5	85.67	0.002	S
4	<b>KOTAK</b>	76.8	44.53	0.000	S
5	<b>INDUSIND</b>	77.1	26.93	0.005	S
6	<b>IDBI</b>	44.6	0.15	0.15	NS
7	<b>YES</b>	71.8	20.35	0.002	S
8	<b>FEDERAL</b>	76.5	25.98	0.001	S

\*p<0.01 \*\*p<0.05 S-Significant NS-Not Significant

The actual value and the computed trend values of deposits of the selected public and private sector banks in India, during the study period from 2014-15 to 2023-24 have been revealed in tables. Based on the actual value and the computed trend values of deposits of the selected study units the fitted trend and regression equation is also obtained.

The Table denotes the ANOVA for deposits of selected public and private sector banks in India. There is significant difference in case of HDFC, ICICI, AXIS, KOTAK, INDUSIND, YESB, FEDERAL, IDFC FIRST and BANDHAN, at five per cent level of significance.

It is clear from the table that the significant difference between actual and trend values in of HDFC, ICICI, AXIS, KOTAK, INDUSIND, YESB, FEDERAL, IDFC FIRST and at five per cent level of significance. So, the null hypothesis is rejected while the alternative hypothesis is accepted for these banks.

**Table 4:** Projections for Total Deposits of Public and Private Sector Banks  
(Rs in Crores)

YEAR	HDFC	ICICI	AXIS	KOTAK	IDBI	YES	FEDERAL	IDFC FIRST
2024-25	2271134	1414286	1085761	388312.1	244093.7	250789.8	253194.8	183953
2026-26	2472109	1528726	1168961	421346.6	243219.6	265051.7	272554.5	203367.3
2026-27	2673084	1643166	1252162	454381.1	242345.6	279313.6	291914.2	222781.5
2027-28	2874058	1757606	1335362	487415.5	241471.5	293575.5	311273.9	242195.7
2028-29	3075033	1872046	1418562	520450	240597.4	307837.3	330633.6	261609.9

Source: Computed

The projection resulted for deposits of the selected private sector banks in India by linear growth models during the year 2024-25 to 2028-29 is listed in table shows that HDFC and ICICI bank have more deposits when compared with all the other selected private sector.

Further, the table reveals that during the year 2028-29 all the banks are having increasing trend in deposits.

So, we can conclude from the analysis that the HDFC and ICICI bank have more deposits when compared with all the other selected private sector banks during the projection period from the year 2024-25 to 2028-29.

#### IV. CONCLUSION

In conclusion, the study highlights significant trends in the deposits of selected private sector banks in India, demonstrating notable differences between actual and computed trend values for key banks such as HDFC, ICICI, AXIS, and others. The analysis shows that HDFC and ICICI are expected to maintain higher deposit levels compared to their peers during the projected period from 2024-25 to 2028-29. All banks in the study are projected to experience a positive growth trend in deposits, reflecting increasing customer confidence and effective liquidity management. The findings suggest that private sector banks are well-positioned for sustainable growth, with deposit trends serving as a key indicator of financial stability and competitive strength in the Indian banking sector.

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