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Research Article

A Comparative Analysis of Financial Performance: State Bank of India and Axis Bank of Jharkhand State.

[1]Azka Farheen, [2]Puja Kumari

[1,2]Department of Commerce and Management, Sona Devi University, Ghatsila, Jharkhand

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ABSTRACT

The primary objective of this research is to analyse and compare the financial performance of two leading Indian banks, State Bank of India (SBI) and Axis Bank, over a five-year period (2019–2023), with particular attention to key financial indicators of profitability, operational efficiency, and overall financial health. Research Design/Methodology: The study adopts a comparative analytical approach, drawing on five financial ratios: return on equity (ROE), the price-earnings (P/E) ratio, earnings per share (EPS), dividend per share (DPS), the dividend payout ratio, and net profit margin (NPM), to build a detailed, multi-dimensional comparison between SBI and Axis Bank. Originality/Value: By systematically comparing SBI's and Axis Bank's financial performance across these ratios, this research contributes an empirical addition to the existing literature on Indian banking, offering insight into each institution's financial advantages and limitations. This study is closely related to, and offers an independent point of comparison with, Meenakshi, Pathania, and Yadav (2024), who examined an overlapping set of financial ratios for the same two banks. Limitations: The analysis relies exclusively on publicly available financial data and is confined to a five-year observation window; its findings should be read as a snapshot of recent performance rather than a definitive indicator of long-term trends. Practical Implications: The findings hold relevance for investors, policymakers, and banking professionals seeking to understand the relative financial strengths and vulnerabilities of SBI and Axis Bank. Societal Impact: The stability and performance of major banks such as SBI and Axis Bank influence the broader economy through credit availability, financial inclusion, and economic growth.

Keywords: Financial Performance, State Bank of India, Axis Bank, Return on Equity, Net Profit Margin, Comparative Analysis

1. INTRODUCTION

Banks occupy a foundational position within any modern economy, functioning as financial institutions that mobilise deposits from the public and channel them into loans and advances extended to individuals, corporations, and industries alike. As financial intermediaries, banks connect those with surplus funds to invest with those who need capital to grow, a bridging function that underpins virtually every other layer of economic activity. Their contribution extends further still: banks transmit monetary policy into the real economy, underpin payment and settlement systems, and carry out loan intermediation that connects idle capital with productive use. It is for these reasons that a strong, efficient, and well-functioning banking system is widely regarded as indispensable to the sustained growth and stability of a nation's economy [1].

Within the Indian context specifically, the performance of the banking sector is treated as one of the principal engines of economic development [2]. Evaluating how well a bank is actually performing calls for more than a surface-level reading of its financial statements; it demands a more deliberate, strategically grounded form of analysis. Among the methods most frequently relied upon for this purpose are ratio analysis, comparative balance sheet analysis, and time series analysis, each of which helps translate raw financial data into meaningful insight regarding a bank's operational efficiency and overall financial health [3].It is this analytical tradition that the present study draws upon, applying ratio analysis to assess and compare the financial performance of two prominent players in the Indian banking landscape: State Bank of India (SBI), the country's leading public sector bank, and Axis Bank, one of its major private sector counterparts.

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State Bank of India (SBI): Headquartered in Mumbai, SBI is a Fortune 500 company and the foremost public sector bank offering banking and financial services across India, with an institutional history stretching back more than two centuries. The bank serves roughly 45 crore customers through a network of 22,000 branches, 62,617 ATMs and ADWMs, and 71,968 banking correspondent outlets, guided by core institutional values of service, transparency, ethics, civility, and sustainability [4].

Axis Bank: Axis Bank ranks as the third-largest private sector bank in India, maintaining approximately 4,900 domestic branches and 15,900 ATMs, with an international presence in Singapore, Dubai, and Gift City IBU, complemented by representative offices in Dhaka, Dubai, Abu Dhabi, and Sharjah. Established in 1994 under the co-sponsorship of SUUTI and LIC, Axis Bank reported a balance sheet total of Rs. 13,17,326 crores as of March 2023 [5][6].

2. REVIEW OF LITERATURE

Given the pivotal role financial institutions play in driving economic growth, Indian policymakers and researchers have increasingly turned their attention to evaluating bank performance. A closely related study, Meenakshi, Pathania, and Yadav (2024), examined the comparative financial performance of SBI and Axis Bank over 2019–2023 using return on equity, the P/E ratio, dividend per share, the dividend payout ratio, net profit margin, operating profit margin, and return on assets, and found that SBI led on ROE, DPS, and dividend payout, while Axis Bank led on P/E ratio and net profit margin [7]. The present study examines the same two institutions over the same period using five of these ratios, and its findings are directionally consistent with that study, offering an independent point of comparison drawn from the same publicly available annual-report data.

A broader body of research has compared the financial performance of major Indian banks more generally. Findings from this literature suggest that private sector banks such as Axis Bank often demonstrate superior performance in asset utilisation, investment management, and deposit mobilisation compared to some public sector banks, including SBI [8]. However, other research indicates that Indian public sector banks, considered as a group, tend to be more profitable and cost-efficient than private and foreign banks [9]. Read together, these findings suggest that banking performance in India cannot be reduced to a simple public-versus-private divide, but is instead shaped by a complex interplay of government policy, macroeconomic conditions, and industry trends.

Further comparative studies have examined Axis Bank alongside ICICI Bank. One such study found that SBI experienced a substantial increase in income following demonetisation, while Axis Bank's performance over the same period was comparatively mixed [10]. Other studies note that both SBI and Axis Bank maintain profitability within regulatory norms, though their performance diverges across net profit, advances, deposits, total assets, and investment management [11][12]. A separate comparison found that SBI exhibits greater financial stability and operational efficiency than ICICI Bank, while ICICI Bank maintains stronger provisions for non-performing assets [13].

Elsewhere, a comparison of SBI with HDFC Bank found that HDFC outperformed SBI on several ratio-based metrics and on customer satisfaction [14], notable given that SBI, as India's largest commercial bank, continues to command a substantial share of the country's overall banking resources [15]. Collectively, the literature reviewed above, including [8]–[16], suggests that while SBI generally demonstrates strong financial performance relative to Axis Bank and ICICI Bank, certain private sector banks, HDFC among them, may surpass SBI on selected operational and customer-facing indicators.

3. RESEARCH METHODOLOGY

This study follows a structured, systematic approach to evaluating the financial performance of SBI and Axis Bank, guided by three objectives: to assess the financial standing of each bank individually; to conduct a comparative analysis of their financial outcomes; and to apply a research design capable of generating a comprehensive understanding of how each bank performs financially.

A descriptive research design was adopted, supporting an in-depth, organised depiction of the financial characteristics of each institution. In terms of sampling, the study relies on judgmental (purposive) sampling: SBI

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and Axis Bank were selected specifically for their considerable presence and influence within the Indian banking industry, a choice consistent with the study's aim of comparing two of the sector's key players.

Data were drawn primarily from secondary sources, principally the annual reports published by both banks, supplemented by academic journals, periodicals, and other credible published material. The analysis spans a five-year period, from 2019 to 2023, allowing trends and year-on-year variation to be identified. Financial ratios and percentages served as the primary analytical tools throughout, given their effectiveness at capturing relative proportions and surfacing underlying trends within financial data.

4. DATA ANALYSIS AND INTERPRETATION

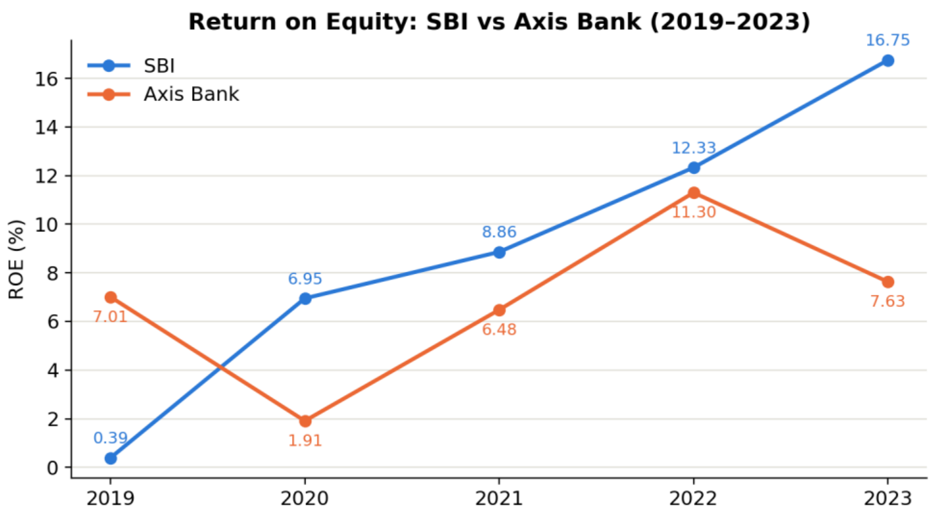
4.1 Return on Equity (ROE) / Net Worth

Return on Equity (ROE) stands among the most widely used financial ratios for gauging a company's profitability relative to shareholder equity, capturing how effectively a firm's management converts shareholder capital into value. A number of factors can shape the ROE a firm ultimately reports, including financial leverage, earnings management, and the broader inflationary environment [17].

Although investors commonly rely on ROE as a shorthand for evaluating investment attractiveness, a higher ROE figure does not, on its own, guarantee superior abnormal returns [17]. ROE analysis also proves useful in a comparative sense, allowing investors to weigh potential equity returns against more conservative alternatives such as bank deposits [18]. There is further evidence to suggest that how well a firm manages expectations around future financial performance may ultimately carry more weight with shareholder returns than current profitability alone [19][20].

Year	SBI (%)	Axis Bank (%)	Difference (SBI – Axis)	Better-Performing Bank
2023	16.75	7.63	+9.12	SBI
2022	12.33	11.30	+1.03	SBI
2021	8.86	6.48	+2.38	SBI
2020	6.95	1.91	+5.04	SBI
2019	0.39	7.01	−6.62	Axis Bank
Average	9.05	6.86	+2.19	SBI (4 of 5 years)

Table 1: Return on Equity



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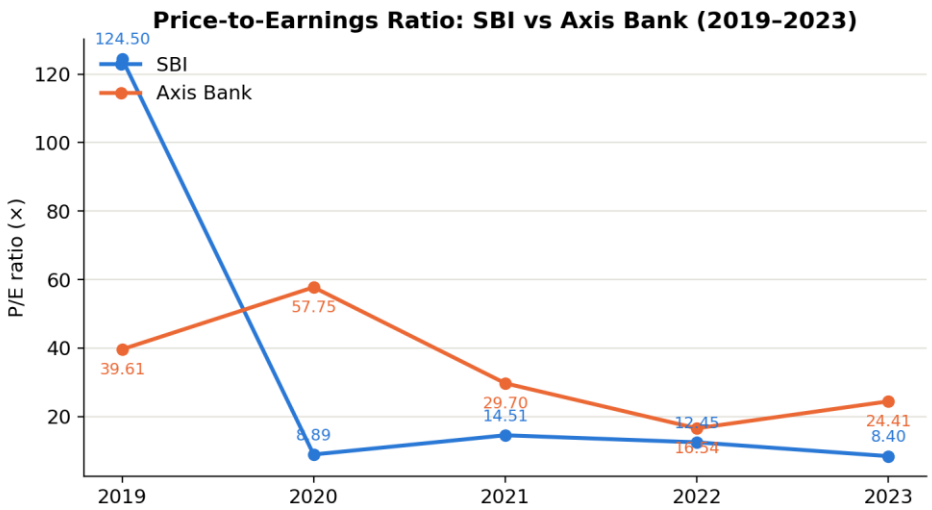
The data makes clear that SBI outperformed Axis Bank on ROE consistently rather than as an isolated occurrence, posting an average ROE of 9.05% against Axis Bank's 6.86% across the five years reviewed. This pattern points to stronger underlying profitability and more effective use of shareholder equity on SBI's part over the period studied.

4.2 Price-to-Earnings Ratio (P/E Ratio)

The Price-to-Earnings (P/E) ratio relates a company's share price to its earnings per share, offering a window into how the market prices a firm relative to what it actually earns. Studies of Romanian firms have shown the P/E ratio can function as a useful predictor of corporate insolvency [21], while research on banking companies listed on the Indonesia Stock Exchange found that both net profit margin and return on assets exert a significant influence on the P/E ratio [22]. Other researchers have proposed applying fuzzy logic systems to adjust profit margins using accounting data and expert judgement [23].

Year	SBI (×)	Axis Bank (×)	Difference (SBI – Axis)	Higher Valuation
2023	8.40	24.41	−16.01	Axis Bank
2022	12.45	16.54	−4.09	Axis Bank
2021	14.51	29.70	−15.19	Axis Bank
2020	8.89	57.75	−48.86	Axis Bank
2019	124.50	39.61	+84.89	SBI
Average	33.75	33.60	+0.15	Nearly identical on average

Table 2: Price-to-Earnings Ratio



Axis Bank carried the higher P/E ratio in four of the five years examined; the near-parity in the five-year average is driven substantially by SBI's outlier figure of 124.50 in 2019, a year in which SBI's earnings were unusually depressed relative to its share price. This outlier should be read as a distinct feature of 2019 rather than as evidence that the two banks tracked closely throughout the period.

4.3 Dividend Per Share (DPS)

Dividend per Share (DPS) captures the dividend a company distributes to shareholders for each share held. Research on pharmaceutical companies listed on the Indonesia Stock Exchange found that DPS, alongside EPS, significantly influenced stock prices [24], while a study of firms listed on the Dhaka Stock Exchange found that the effect of DPS

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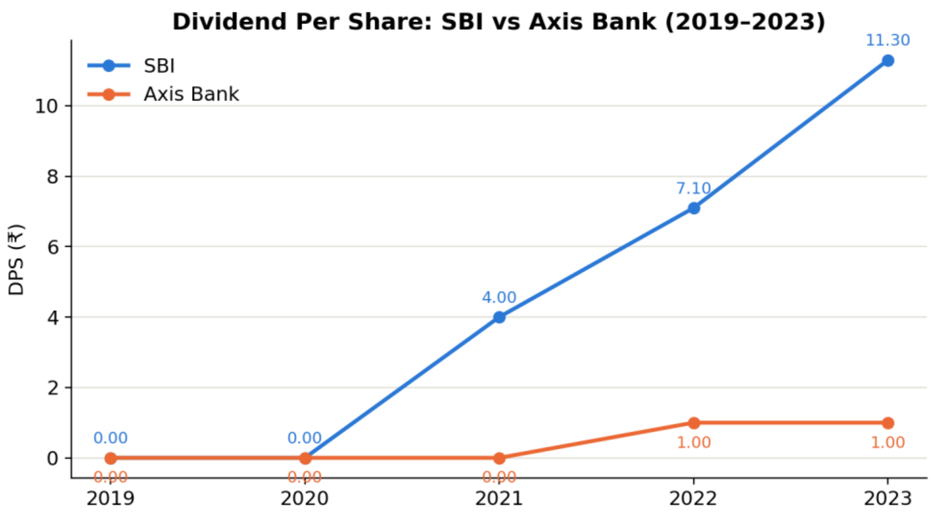
on stock prices varies by sector [25]. DPS was found to be positively associated with stock prices in the coal industry but showed no significant relationship in the food and beverage sector [26].

Year	SBI (₹)	Axis Bank (₹)	Difference (SBI – Axis)	Higher Payer
2023	11.30	1.00	+10.30	SBI
2022	7.10	1.00	+6.10	SBI
2021	4.00	0.00	+4.00	SBI
2020	0.00	0.00	0.00	Tied
2019	0.00	0.00	0.00	Tied
Average	4.48	0.40	+4.08	SBI (3 of 5 years)

Table 3: Dividend Per Share



SBI paid no dividend in 2019 or 2020, then resumed and rose steadily from 2021 (₹4.00) to 2023 (₹11.30), a pattern better described as a return to dividends followed by consistent growth rather than steady growth across the full period. Axis Bank, by contrast, kept dividend distributions minimal throughout, reflecting a more conservative approach to shareholder remuneration.

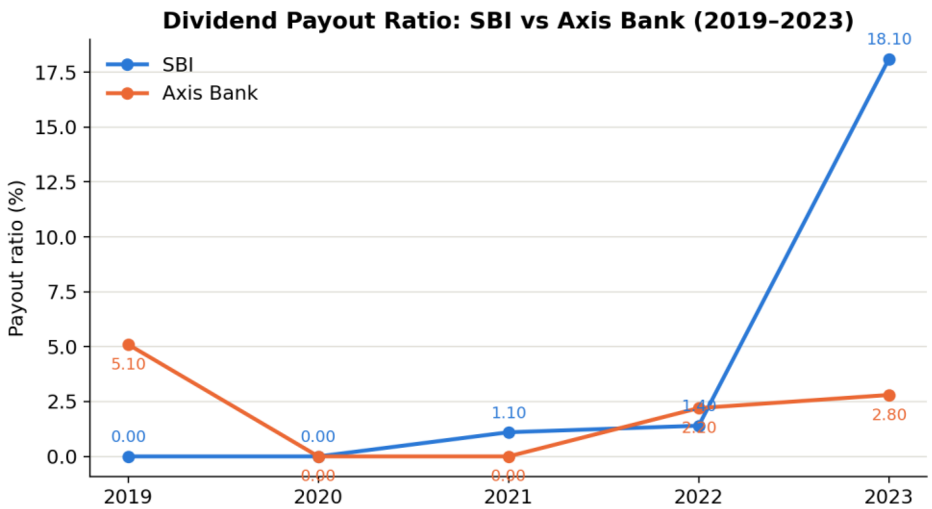
4.4 Dividend Payout Ratio

The dividend payout ratio captures the proportion of a company's profits distributed to shareholders as dividends. Research has found a positive relationship between net profit and the dividend payout ratio, while the debt-to-equity ratio exerts a negative influence [27]. Other studies find that return on equity positively influences the payout ratio, the current ratio has no significant effect, and the debt-to-equity ratio negatively affects it [28]; within the food and beverage sector specifically, the payout ratio has been shown to be shaped by firm size and financial leverage [29].

Year	SBI (%)	Axis Bank (%)	Difference (SBI – Axis)	Higher Payout
2023	18.10	2.80	+15.30	SBI
2022	1.40	2.20	−0.80	Axis Bank
2021	1.10	0.00	+1.10	SBI

Year	SBI (%)	Axis Bank (%)	Difference (SBI – Axis)	Higher Payout
2020	0.00	0.00	0.00	Tied
2019	0.00	5.10	−5.10	Axis Bank
Average	4.12	2.02	+2.10	SBI (higher on average)

Table 4: Dividend Payout Ratio



SBI moved from a negligible payout ratio in 2019–2021 to a substantially higher 18.1% by 2023, while Axis Bank's highest payout, 5.1% in 2019, had declined to 2.8% by 2023. On average, SBI distributed 4.12% of earnings as dividends against Axis Bank's 2.02%, indicating a comparatively more conservative approach at Axis Bank over the period.

4.5 Net Profit Margin (NPM)

Net Profit Margin (NPM) expresses net profit as a proportion of total revenue, capturing overall profitability once every expense has been accounted for. Research has found that stock turnover and cash flow together account for roughly 20.8% of NPM variation at one Indonesian firm [30], that NPM has a positive and significant effect on stock prices for food and beverage companies listed on the Indonesia Stock Exchange [31], and that NPM exerts a favourable influence on earnings management among non-financial companies on the same exchange [32].

Year	SBI (%)	Axis Bank (%)	Difference (SBI – Axis)	Higher Margin
2023	15.12	11.24	+3.88	SBI
2022	11.49	19.33	−7.84	Axis Bank
2021	7.69	10.35	−2.66	Axis Bank
2020	5.63	2.59	+3.04	SBI
2019	0.35	8.50	−8.15	Axis Bank
Average	8.05	10.40	−2.35	Axis Bank (higher on average)

Table 5: Net Profit Margin

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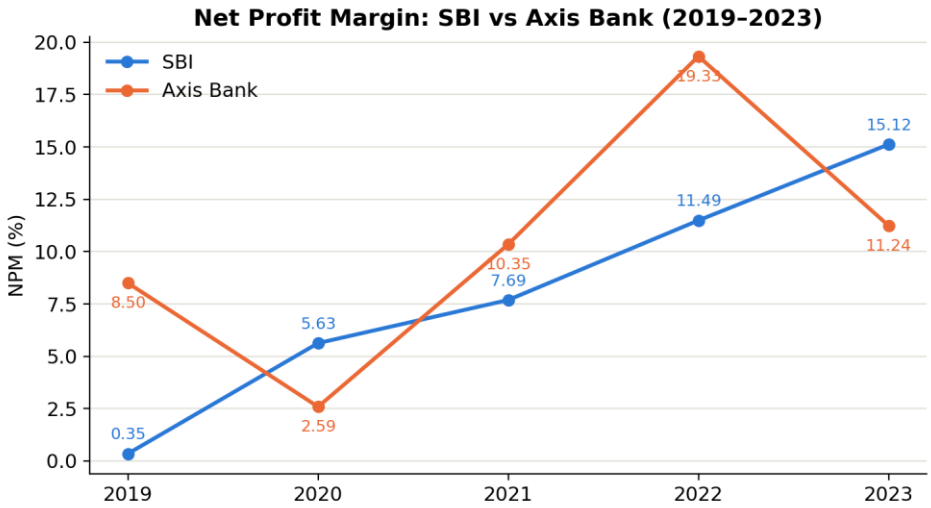

NPM is the one metric examined in this study where Axis Bank leads, both on average (10.40% versus 8.05%) and in three of the five years, reversing the pattern seen in ROE, DPS, and the dividend payout ratio, where SBI led throughout. SBI's own NPM followed a gradual upward trajectory, reaching 15.12% by 2023, even though this improvement was not sufficient to close the average gap with Axis Bank over the full period.

5. CONCLUSION

Taken together, the financial analysis of SBI and Axis Bank presented in this study for Jharkhand state offers a rounded picture of how the two banks performed over 2019–2023, spanning profitability, efficiency, and overall financial health. As India's largest bank, SBI emerged as the stronger performer on Return on Equity, Dividend per Share, and the Dividend Payout Ratio, evidence of stronger underlying profitability, more efficient use of shareholder equity, and a stronger orientation toward shareholder returns. Axis Bank, for its part, held the advantage on the Price-to-Earnings ratio across most of the period and on average Net Profit Margin, reflecting a more favourable market valuation and comparatively more efficient conversion of revenue into profit.

The overall picture is therefore one of divided strengths rather than outright dominance by either bank: SBI leads on shareholder returns and equity profitability, while Axis Bank leads on market valuation and operating margins. No single institution's performance can be explained in isolation from the wider environment it operates within; government regulation, macroeconomic conditions, and broader industry trends all leave their mark on how a bank performs. These findings are broadly consistent with those reported by Meenakshi et al. (2024) for the same two institutions over the same period, lending independent corroboration to both sets of results [7].

This comparative study offers practical insight for stakeholders, investors, and policymakers by laying out where each bank's financial strengths and weaknesses actually lie, rather than reducing the comparison to a single winner. Future research extending this analysis to additional financial indicators, a larger sample of public and private sector banks, and non-financial performance dimensions would further deepen understanding of comparative bank performance in India.

6. LIMITATIONS

Several limitations apply to this study. First, the analysis is confined to the financial performance of SBI and Axis Bank in the state of Jharkhand, as assessed through five selected financial ratios. it does not extend to asset quality, risk management practices, or customer satisfaction, and should be understood as a partial rather than fully comprehensive evaluation. Second, the research draws primarily on secondary data from annual reports and other published sources, which carries whatever limitations or biases are already present in those original sources. Third, SBI and Axis Bank were selected through judgmental sampling rather than random selection, which carries some risk of selection bias and limits generalisability to other Indian banks. Finally, the study is bounded by a five-year observation window, which may not fully capture longer-term trends in the two banks' financial performance.

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