Effective of Interest Rates Changes on Profitability of Banking Industry in India (An Empirical Research on the Profitability Performance of Nationalized Banks in India)

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Abstract: Interest Rate Risk Represents One Of The Key Forms Of Financial Risk Faced By Banks It Has Given Rise To An Extensive Body Of Search Mainly Focused On The Estimation Of Sensitive Of Banks Stock Returns To Changes In Interest Rates Profitability Is A Major Concern For The Banking Sector The Public Sector Commercial Banks Are The Back Bone Of Indian Economy And It Supports Many Ways Many Sectors Like Agriculture, Small Business, Small Industries, Big Industries, Directly In Providing The Finance Every Research Has Its On Base And The Outcomes Are Based On The Type Of Study In The Process Of Review Of Literature In Books , Journals, Annual Reports, Websites Of Banking Sector It Has Been Observed That There Are Many Deficiencies In The Performance Of The Banking Sector . It Is Expected That Banks Have To Monitor, Maintain, And Manage Their Assets And Liabilities Portfolios In A Systematic Manner Taking In To An Account The Various Risk Involved In These Areas. Profit And Loss Account And Balance Sheet Risk Of A Bank Can Have A Significance Influence On Interest Rate Risk The Rise And Fall In The Interest Rate Has Great Impact On The Profitability And Return On Equity And Return On Assets. The Present Research Work Focuses On The Impact Of Interest Rate Changes On Profitability On The Banking Industry In India The Study Covest A Period Of 30 Years And A Model That Was Developed Was Regression Analysis To Validate The Study A Minimum Of 0.05 Level Of Significance Is Consider Very Important To Justice The Impact Of Interest Rate Change On The Profitability Of The Public Sector And Commercial Banks.

Key Words: Risk, Profitability, Interest Rate, Equity.

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I. Banking Introduction:


They Are Generally Subject To Minimum Capital Requirements Which Are Based On An International Set Of Capital Standards, Known As The Basel Accords. Banking In India Originated In The Last Decades Of The 18th Century. The First Banks Were The General Bank Of India, Which Started In 1786, And Bank Of Hindustan, Which Started In 1790; Both Are Now Defunct. The Oldest Bank In Existence In India Is The State Bank Of India, Which Originated In The Bank Of Calcutta In June 1806, Which Almost Immediately Became The Bank Of Bengal. This Was One Of The Three Presidency Banks, The Other Two Being The Bank Of Bombay And The Bank Of Madras, All Three Of Which Were Established Under Charters From The British East India Company. For Many Years The Presidency Banks Acted As Quasi-Central Banks, As Did Their Successors. The Three Banks Merged In 1921 To Form The Imperial Bank Of India, Which, Upon India's Independence, Became The State Bank Of India In 1955. Structure Of Indian Banking As Per Section 5(B) Of The Banking Regulation Act 1949: “Banking” Means The Accepting, For The Purpose Of Lending Or Investment, Of Deposits Of Money From The Public, Repayable On Demand Or Otherwise, And Withdrawal By Cheque, Draft, Order Or Otherwise.” All Banks Which Are Included In The Second Schedule To The Reserve Bank Of India Act, 1934 Are Scheduled Banks. These Banks Comprise Scheduled Commercial Banks And Scheduled Cooperative Banks. Scheduled Commercial Banks In India Are Categorised Into Five Different Groups According To Their Ownership And / Or Nature Of Operation. Besides The Nationalized Banks

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(Majority Equity Holding Is With The Government), The State Bank Of India (Sbi) (Majority Equity Holding Being With The Reserve Bank Of India) And The Associate Banks Of Sbi (Majority Holding Being With State Bank Of India), The Commercial Banks Comprise Foreign And Indian Private Banks. While The State Bank Of India And Its Associates, Nationalized Banks And Regional Rural Banks Are Constituted Under Respective Enactments Of The Parliament, The Private Sector Banks Are Banking Companies As Defined In The Banking Regulation Act. These Banks, Along With Regional Rural Banks, Constitute The Public Sector (State Owned) Banking System In India. The Public Sector Banks In India Are Back Bone Of The Indian Financial System. The Cooperative Credit Institutions Are Broadly Classified Into Urban Credit Cooperatives And Rural Credit Cooperatives. Scheduled Co-Operative Banks Consist Of Scheduled State Co-Operative Banks And Scheduled Urban Co-Operative Banks Regional Rural Banks (Rrb’s) Are State Sponsored, Regionally Based And Rural Oriented Commercial Banks. The Government Of India Promulgated The Regional Rural Banks Ordinance On 26th September 1975, Which Was Later Replaced By The Regional Rural Bank Act 1976. The Preamble To The Act States The Objective To Develop Rural Economy By Providing Credit And Facilities For The Development Of Agriculture, Trade, Commerce, Industry And Other Productive Activities In The Rural Areas, Particularly To Small And Marginal Farmers, Agricultural Labourers, Artisans And Small Entrepreneurs.

The Reserve Bank Of India Is The Central Bank Of The Country. Central Banks Are A Relatively Recent Innovation And Most Central Banks, As We Know Them Today, Were Established Around The Early Twentieth Century.

The Reserve Bank Of India Was Set Up On The Basis Of The Recommendations Of The Hilton Young Commission. The Reserve Bank Of India Act, 1934 (Ii Of 1934) Provides The Statutory Basis Of The Functioning Of The Bank, Which Commenced Operations On April 1, 1935.

The Bank Was Constituted To

- Regulate The Issue Of Banknotes
- Maintain Reserves With A View To Securing Monetary Stability.

To Operate The Credit And Currency System Of The Country To Its Advantage.

II. Review Of Literature:


Alfani1 Lery, Rustandar2 Irvan (2013), In His Research Found That,Banking Sector Existence Have Believed To Be A Stimulant To Wake Others While A Sector Companies From Another Sectors Effort To Survive And Increase The Benefits It Receives, A Banking Sector To Drive The Economy Beginning To Survive. In This Study, Globalization Of Banking That Is Reflected To The Surface As A Perfect Competition Between National Banking And Private Banking With Different Standard Operating Authority As A Leading Competition. It Is More Interesting To Observe The Bank Indonesia's Policy That Is Banking Deregulation About Implementer Banking Authority To Determine Interest Rates On Deposits And Ignorance Bank Indonesia Intervention On A Lending Private Banking To Improve Performance. Basically, A Banking Institution Should Have A Good Performance Which Can Be Maintained And Generate Maximum Profits. One Of The Factors That Affect The Amount Of Profit It Is The Soundness Of The Banks Themselves Through Their Financial Information. Banking Institutions Should Be Able To Define Strategic Actions To Achieve The Goal With An Excellent Performance. The Excellent Performance Of The Bank Is Expected To Regain Public Trust And Investor To Invest. On The Other Side The Performance Of The Bank Can Also Be Used As A Measure Of Bank Health, Healthy Banks Will Have The Support And Trust Of The Community And Be Able To Produce The Optimal Profit. The Level Of Corporate Profitability Including Banking Industry Is Affected By U.S. Dollar Exchange Rate And Inflation. It Is Indicating That Banking Industry In Indonesia Is Vulnerable To U.S. Dollar Exchange Rate Fluctuation, Especially For Banks That Still Have Not Made Anticipatory Measures Sufficient In The Face Of Changes In Circumstances And Economic Conditions.

Nahangi Fatemeh , Ahlil Araghi2 Maryam (2013), In His Article Stressed The Fact That, Banks As Intermediaries Of Money Resources Besides Other Institutions Like Investment Stock Market And Insurance Are Considered As The Main Pillars Of Financial Markets. Bank. Banks By Contraction And Expansion Of Credits And Direct Funds From Part To Part, Aside From Helping To Stabilize The Economy At The Large Level, Have An Important Role In The Regulation Of The Economy. Due To The Lack Of Necessary Development Of Capital Market In Economy Of Iran, Banking Is More Important And In Practice These Are The Banks Which Are Responsible For Long-Term Financing Today Banks Offer A Variety Of Services To Its Clients, Including Deposits, Granting Loans And New Services That Are Offered Through The World Wide Web. Increasing Efficiency And Providing A Variety Of Services In The Minimum Of Time Are Some Of The Expectation Which Banking Network Always Had Faced In This Regard The Initiate Action Such As Shetab Plan (Interbank Information Network) And Electronic Banking In The Country's Banking System Has Been Designed And Implemented. Banking System Through Directing Resources To Manufacturing And Service Sectors, To Fulfil Their Social Responsibility Can Create Production; Employment And Economic Growth In The Country. The Field Of Activity In Banking Are Divided Into Three Parts Resource Mobilization, Allocation Of Resources And Services. Thus Identification Of Banks Performance In The Implementation Of Each Of Its Tasks Can Present A Range Of Strengths And Weaknesses In Banks. Since Banks Just Like The Other Firms Seek Economic Profitability To Achieve This Important Goal, It Is Necessary To Identify Effective Variables The Basic Goal Of Any Business And Economic Bank Is Profitability.


The Financial Institutions Have Enough Amount Of Liquidity To Respond To Their Obligations Then They Can Manage The Situation Easily. As Banks Are Operating In Very Competitive Environment, It Has Become Obligatory To Pay Handsome Rates To Depositors To Attract Liquidity. To Ease The Liquidity In The Market State Bank Of Pakistan Has Decreased The Cash Reserve Requirement (Crr) And Statutory Liquidity Requirement (Slr) On Demand And Time Liabilities. Instead Of Developing Its Own Recourses The Government Allows The Banks To Generate Money And Subsequently Take Loan From The Banks. The Huge Amount Of Government Borrowing From Banks Is Shocking For The Economy. The Government Not Only Should Limit Its Borrowings From Banks As Well As Place Some Type Of Check On Control Of Money. To Make Banking System Stable Requires Stable Macroeconomic Environment Which Adds To Efficient And Effective Growth Of Savings And Investment Decision. The Performance Of Banking System Particularly In The Areas Of Monetary Policy, Transparent Fiscal Policy And Financial Stabilization Should Be Supported By Macroeconomic Measures. State Bank Of Pakistan Plays An Important Role In The Efficient And Effective Growth Of Economy By Providing Guidelines To The Financial Institutions Thus Facilitating The Investors And Mobilizing The Resources Of The Economy For Development In The Country.

Ponniah V.M, Shenbagavalli R. (2014), In His Article Stressed About The Banking Industry Had Shown A Tremendous Growth For The Last Decade. The Reason For The Consistent Growth Was Our Strong Regulatory Framework, Diversified Channels Of Technology, Strong Customer Base, And A Growing Economy. The Environment Was Well Fueled With Factors Like Positive Demographic Dividend, Higher Investment In Infrastructure, Technology And Other Regulatory Policies. The Growth Phase Of The Industry Has More Challenges To Face During 2013 Such As Overall Slowdown Of The Economy Impacting On The Credit Growth, Weakening Asset Quality And Rising Npas, Basel Iii Implementation Are The Lingering Issues. The Strong Supervision Of Reserve Bank Of India Has Always Helped In Strengthening The Banking Economy To Comfortably Handle The Challenges Phrased Before Them. The Prime Objective Of The Banks Is To Maximize The Profitability With Sound Liquidity For Which They Have To Manage And Monitor The Asset And Liability Portfolio In An Efficient Manner By Considering The Various Risk Factors Involved In Such Management. The Balance Sheet Depicts The Level Of Oversight Function And Internal Control Effectiveness, Average Bank Lending, And The Level Of Other In


Ojeaga Paul (2014), Has Found In The Research Conducted That The Dynamics Between Interest Rate And Customer Savings Behavior Has Not Been Overly Researched. While The Topic Has Generated A Lot Of Discussions, No Conclusive Agreement Has Been Reached As To The Nature Of How Interest Rates Is Likely To Affect Customer Savings Behavior Particularly In The Nigerian Context, Furthermore Even If Many Studies Have Investigated The Role Of Interest Rate On Savings Within The Growth And Financial Business Cycle Context Few Have Tried To Address Customers Savings Concerns As A Matter Of Primary Interest Using A Non Parametric Estimation Technique As We Do In This Study. A Host Of Factors Are Likely To Affect Customer Saving Behavior In Banks, Some Include The Fixed Saving Interest Rates Which Is Likely To Affect Customers Incentive To Save, Country Specific Wage Rates Which Will Depict The Average Allowance Available After The Individual Budget Demands, Aggregate Average Annual Bank Losses Which Is Likely To Affect Customer Perception Of How Well Banks Are Doing, Institutional And Regulatory Strength Which Depicts The Level Of Oversight Function And Internal Control Effectiveness, Average Bank Lending, And Country Specific Monetary Policy As Exerted By The Country’s Apex Financial Agency Such As The Central Bank.

Rate On The Economy And To Depict The Implications Of Interest Rate On Cash Flow. The Study Conducted To Check And Examine The Market Interest Rate Effect On The Bank’s Profitability In Public And Private Sectors Of Pakistan. For The Better Understanding Of Effects, The Sample Was Divided Into Two Categories. 1) Public Sector Banks: Comprises Of Four Nationalized Banks And 2) Private Sector Banks: Contains Six Private Sector Banks For The Study. The Islamic Banks Were Not Included In The Sample. Bank Lending Rates Were Taken As A Proxy For Interest Rate While Return On Assets (RoA) And Return On Equity (RoE) Were Taken As A Profitability Of The Banks. The Regression Model Was Used In The Study To Witness The Effects Of Interest Rate On Profitability. The Results Show That The Interest Rate Has More Effects On Both RoA And RoE In Private Banks As Compared To The Public Sector Banks.

Frederick Nsambu (2015), In His Research Found That The Reforms Restructured The Banking Industry In Regard To Advances In Computer Technology, That Led To Electronic And Internet Based Banking. Consequently, There Are Changes In Internal Bank Operations; Relationships With Customers And Inter-Bank Interactions. These Improvements Caused Repercussions On The Costs And Revenue Of Commercial Banks And Ultimately Performance Differences Between Domestic And Foreign Commercial Banks. The Consequence, Among Others, Included The Closure Of Several Commercial Banks In Uganda (Appendix A1). The Results Of Banking Sector Reforms Suggest Mixed Outcomes. Whereas There Was Impressive Improvement For Banking System As A Whole, The Performance Of Foreign Commercial Banks Remained Quite Steady And Even Improved While Domestic Commercial Banks Suffered Massive Decline In Their Profitability And Accumulated More Non-Performing Loans (Mpuuga, 2002). The Decline Became A Source Of Anxiety As Domestic Commercial Banks Are Performing Relatively Poorly Compared To Foreign Commercial Banks.


Management of Interest should be. Every well managed bank, however, will have a process that enables bank management to identify, measure, monitor, and control interest risk in a timely manner.

**Profitability:**

Profitability is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business activities.

\[ \text{Profit} \]
\[ \text{Profitability} = \frac{\text{Profit}}{\text{Revenue}} \]

Profitability is defined as the potential of a company to exceed its overall revenue from its total expenses which results in profit generation. A business must achieve profitability in order to sustain its operations. It is impossible to imagine a business without profitability. Profitability measures the efficiency of the company. Profitability differs from profit. Profit has a currency unit to measure while profitability is generally measured as a ratio of profit to revenue. There are other ratios that can be used to determine profitability. Some of these ratios are return of assets (ROA), return on equity (ROE), earnings per share (EPS), and dividend per share (DPS) etc. There are two kinds of measuring profitability. It can be either in terms of accounting profits or in the form of economic profit.

**Return On Assets (ROA):**

Return on assets measures a company's ability to turn assets into profit. (This may sound similar to the total assets turnover ratio discussed earlier, but total assets turnover measures how effectively a company's assets generate revenue.)

\[ \text{Return on Assets} = \frac{(\text{Net Income} + \text{After Tax Interest Expense})}{\text{Average Total Assets}} \]

**Return On Equity (ROE):**

Return on equity is a straightforward ratio that measures a company's return on its investment by shareholders. Like all of the profitability ratios we've discussed, it is usually stated in percentage terms, and higher is better.

\[ \text{Return on Equity} = \frac{\text{Net Income}}{\text{Average Shareholders' Equity}} \]

**Return On Capital Employed (ROCE):**

Return on capital employed or ROCE is a profitability ratio that measures how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed. In other words, return on capital employed shows investors how many dollars in profits each dollar of capital employed generates.

\[ \text{Return on Capital Employed: Net Operating Profit/Total Assets-Current Liabilities} \]

**Methodology:**

Typically, it encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques.

**III. Research Methodology:**

**Meaning Of Research:**

Research Methodology is a way to find out the result of a given problem on a specific matter or problem that is also referred as research problem. In Methodology, researcher uses different criteria for solving/searching the given research problem. Different sources use different type of methods for solving the problem.

**Definition Of Research:**

Research comprises “creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.”

**Objectives Of The Research Methodology:**

1. To calculated interest rates determining by Reserve Bank of India on quarterly basics and converting it on annual basis.
2. As Nationalized Have Opened Its Door’s By Floating The Shares In The Stock Market, Its Important To Know Higher The Return On Equity More Will Be The Equity Price In The Stock Market.

IV. Research Gap:
A Gap In The Literature Is A Research Question Relevant To A Given Domain That Has Not Been Answered Adequately Or At All In Existing Peer-Reviewed Scholarship. A Gap In The Literature May Emerge If: The Question Has Not Been Addressed In A Given Domain, Although It May Have Been Answered In A Similar Or Related Area. The Review Of Literature Of Past Studies Reveal That The Researches Have Studied The Impact Of Interest Rates On Bank Deposits, Lending Interest Rate, Inflation On Profitability, Momentary Policy, Derivatives Overall Profitability Of European Banks, Factors Affecting Developing Economy, Internal Factors, The Relationship Of Interest And Mobilization, Impact Of Reverse Requirement Etc…. This Study Is An Attempt To Find Out Impact Of Interest Rate As An Independent Variable On Dependent Variable Like Profitability Constituents Like Return On Assets, Return On Capital Employed, Return On Equity.

Sample Size:
30 Years Financial Data Is Collected From Cmie Reports Considered To Be The Sample Size For Testing The Data By Calculating The Values To Arrive At The Level Of Significance.

Source Of Data:
The Study Is Based Mainly On Secondary Source Of Data Relating To The Study Was Obtained From The Annual Reports Of The Companies. In Addition, Magazines, Journals, Websites, Were Also Referred For Designing Methodology For The Study.

Sample Of The Study:
18 Commercial Banks Are Selected For The Study Irrespective Of Their Size To See To What Is The Effectiveness Of Interest Rates Changes On Profitability Of Banking Sector In India.

Variables:
Interest Rates Are The Independent Variables And Return On Assets, Return On Capital Employed, Return On Equity Are The Dependent Variables.

Hypothesis:
H1. The Interest Rate Has A Significant Effect On Return On Assets Of The Bank.
H2. The Interest Rate Has A Significant Effect On Return On Capital Employed Of The Bank.
H3. The Interest Rate Has A Significant Effect On Return On Equity Of The Bank.

Significance Of The Study:
There Are Various Issues In Banking Sector Which Influences The Efficiency Of The Banking Sector. In The Present Study The Independent Variable Is Interest Rate And The Study Is Its Impact On The Profitability Of The Commercial Banks In India. The Findings Of The Study Can Be Taken As The Guidelines To Curb The Falling Profitability Performances Of The Commercial Banks India.

Limitations Of The Study:

Table -1: Roa (Return On Assets):

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.330</td>
<td>.864</td>
<td>2.696</td>
</tr>
<tr>
<td></td>
<td>Interestrates</td>
<td>-.219</td>
<td>.108</td>
<td>-.370</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA
Effective Of Interest Rates Changes On Profitability Of Banking Industry In India

The Present Analysis Of The Study Is Begin To Validate The Hypothesis That Is Return On Assets. In Hypothesis The Dependent Variable Is Return On Assets And Independent Variable Is Interest Rates Are Taken. The Alternative Hypothesis Satisfies Outcome Of The Regression And The Coefficient Is Very Well Within The Significance Level Of 0.05 Which Means The Alternative Hypothesis One Is Accepted And Rejected Null Hypothesis.

**Interpretation:**

The Study Makes It Very Clear The First Group Of 7 Banks Were Alternative Hypothesis Is Accepted Are Doing Well And Maintain A Good Outcome Of Return On Assets But In Case Of 11 Other Banks The Alternative Is Rejected It Means The Bank Have To Make The Measure To Improve The Performance.

**Table -2: Rce(Return On Capital Employed):**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>24.718</td>
<td>6.344</td>
<td>3.896</td>
</tr>
<tr>
<td></td>
<td>Interestrates</td>
<td>-2.113</td>
<td>.791</td>
<td>-.464</td>
</tr>
</tbody>
</table>

a. Dependent Variable: RCE

The Present Analysis Of The Study Is Begin To Validate The Hypothesis That Is Return On Capital Employed. In Hypothesis The Dependent Variable Is Return On Capital Employed And Independent Variable Is Interest Rates Are Taken. The Alternative Hypothesis Satisfies Outcome Of The Regression And The Coefficient Is Very Well Within The Significance Level Of 0.05 Which Means The Alternative Hypothesis One Is Accepted And Null Hypothesis.

The Study Makes It Very Clear The First Group Of 7 Banks Were Alternative Hypothesis Is Accepted Are Doing Good And Maintain A Good Outcome Of Return On Assets But In Case Of 11 Other Banks The Alternative Is Rejected It Means The Bank Have To Make The Measure To Improve The Performance.
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Table -3: Roe (Return On Equity):

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.311</td>
<td>.055</td>
<td>5.686</td>
</tr>
<tr>
<td></td>
<td>Interest Rates</td>
<td>-.022</td>
<td>.007</td>
<td>-.536</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROE

Fig:3

The Present Analysis Of The Study Is Begin To Valid The Hypothesis That Is Return On Equity. In Hypothesis The Dependent Variable Is Return On Equity And Independent Variable Is Interest Rates Are Taken. The Alternative Hypothesis Satisfies Outcome Of The Regression And The Coefficient Is Very Well Within The Significance Level Of 0.05 Which Means The Alternative Hypothesis One Is Accepted And Null Hypothesis.

The Study Makes It Very Clear The First Group Of 3 Banks Were Alternative Hypothesis Is Accepted Are Doing Good And Maintain A Good Outcome Of Return On Equity But In Case Of 15 Other Banks The Alternative Is Rejected It Means The Bank Have To Make The Measure To Improve The Performance.

V. Findings:

The Banking Industry Is The Most Vibrant Sector Of Indian Economy. Banks Have Been Operating Since Pre Independence And Post-Independence. Soon After The Nationalisation, Banking Industry Has Been Discharging Many Political, Social And Economic Issues To Make Financial Condition Very Strong. The Present Study Is On Outcome Of An Approach To Know The Effect Of Interest Rate Changes On Profitability Of Banks. The Sample Collected Is Convenient In Nature Because The Total Public Sector Banks Are Taken To Be The Sample Size. As Many As 3 Hypotheses Were Taken On The Basis Of Research Gap Found And Objectives Designed. Financial Statements Of 30 Years Of 19 Commercial Banks Were Collected From Cmie Reports, And To Test The Data Linear Regression Model Was Used. The Results During The Period Of The Study Supported In Case Of Some Years And Didn’t Support In Case Of Some Years At 0.05% Level Of Significance.

It Cannot Be Presumed That Banks Are Not Performing Well If Hypothesis Is Accepted Or Rejected. There Are Multiple Reasons Which Have Direct Impact On The Changes Of Interest Rates And Its Impact On Profitability Of The Banking Industry. The Imbalances In The Performance Can Be Reduced To A Minimum Level By Taking Corrective Steps. Since Economic Conditions Are Changing In Nature Due To Several Factors. The Study Is Only A Small Attempt To Know In Certain Issues Relating To The Performance Of Banking Industries.

VI. Further Study:

Developing The New Methodology And Obtain The New Objectives And The Creating The Hypothesis. In Further As A Reference Of My Project They Can Create The New Formulae And Based On That They Can Collect The Data. And They Have To Identify The Independent Variables And The Dependent Variables Based On The Hypothesis And After The Calculation They Can Do Analysis Based On The Results And The Table Value. And The Interpretation Is Written Based On The Analysis And The Graphs.
VII. Conclusion:

The Regression Result For Commercial Banks Shows That The Interest Rate Has Significant Effects On The Profitability (Roa) In The Commercial Banks (Alternate Accepted). The Value Of 0.05 Level Of Significance Shows That In Case Of Commercial Banks The Interest Rate Affects The Profitability (Roa) About 60 Percent. In The Case Of Return On Equity (Roe) In Commercial Banks The Interest Rate Has Significant Effects On Profitability (Alternate Accepted). But In Case Of Roe The Interest Rate Only Affect 60 Percent The Profitability. In The Case Of Return On Equity (Rce) In Commercial Banks, The Interest Rate Has Significant Effects On Profitability (Alternate Accepted). But In Case Of Roe The Interest Rate Only Affect 30 Percent The Profitability.

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(Http://Www.Indianbank.Net.In)
(Http://Www.Ioh.In)
(Http://Www.Obcindia.Co.In)
(Http://Www.Pshindia.Com)
(Http://Www.Pnbndia.In)
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Http://Www.Bis.Org/