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Risk management strategies in Indian public and private sector banks: A comparative study between SBI and HDFC bank

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Abstract
This study conducts a comparative analysis of risk management strategies employed by the State Bank of India (SBI) and HDFC Bank, which represent the public and private banking sectors in India, respectively. This research examines key risk indicators, including credit risk, capital adequacy, operational efficiency, and provisioning strategies, using secondary data from financial reports and regulatory publications spanning the period from 2015-16 to 2024-25. This study adopts a descriptive and analytical methodology to evaluate disparities in risk management practices and their impact on financial stability and performance. The findings reveal that HDFC Bank consistently outperformed SBI in terms of asset quality, capital adequacy, and profitability, reflecting more effective risk management strategies. However, SBI demonstrated a significant improvement in reducing non-performing assets and enhancing its provision coverage ratio, indicating a strengthening of its risk management framework. This study highlights the evolving nature of risk management in the Indian banking sector, with both public and private banks adapting their strategies to enhance financial resilience amid dynamic market conditions. The insights derived from this comparative analysis provide crucial information for policymakers and stakeholders to devise strategies to foster a stable and efficient banking environment. This study contributes to the literature on banking in emerging markets and underscores the critical importance of robust risk management practices in maintaining bank health and customer trust.

Keyword: Risk management, Indian public sector banks, Indian private sector banks, state bank of India (SBI), HDFC bank, credit risk, capital adequacy, operational efficiency, provisioning strategies, non-performing assets, provision coverage ratio, financial resilience, customer trust and banking in emerging markets

Introduction

Risk management constitutes a fundamental aspect of banking operations, particularly within diverse and rapidly evolving economies, such as India. The Indian banking sector, characterized by a combination of public and private entities, encounters numerous risks arising from economic, regulatory, and technological factors (Bhattacharjee & Saha, 2023) [3]. The complexity of this sector necessitates the implementation of robust risk-management frameworks to ensure financial stability and sustainable growth. The State Bank of India (SBI) and HDFC Bank exemplify two contrasting models in this context. SBI, as a public sector bank, operates under the stringent oversight of government policies and regulations, whereas HDFC Bank, a leading private sector bank, frequently pioneers innovative financial solutions and customer-oriented services (Rao and Shukla, 2023; Hurrah *et al.*, 2023) [6, 13]. This comparative study examines the risk management strategies employed by both institutions to evaluate their effectiveness in maintaining financial health and ensuring customer trust amid fluctuating market dynamics. Understanding risk management in the context of these banks involves analysing how each institution identifies, assesses, and mitigates potential risks. For SBI, the emphasis is often on adhering to governmental and regulatory expectations, which can occasionally constrain its ability to adapt to new risks. Conversely, the HDFC Bank frequently innovates to manage risks by utilizing technology and customer feedback to refine its financial services, thereby enhancing its competitive advantage (Parameswar *et al.* 2016) [11]. This study elucidates how different strategies impact bank performance and customer satisfaction. While SBI's extensive and stable base of government-backed operations provides security, it can also result in bureaucratic inertia. The HDFC Bank's emphasis on digital and personalized banking services introduces operational risks but generally leads to higher customer satisfaction and trust (Hurrah *et al.*, 2023) [6]. In conclusion, analysing the risk management approaches of SBI and HDFC Bank offers valuable insights into how public and private entities within the Indian banking sector navigate challenges. Insights from this comparative study could inform policymakers and bank managers in formulating strategies that enhance the sector's resilience to both domestic and international financial fluctuations (Rao & Shukla, 2023) [13].

Current Scenario of Risk Management in the Indian Banking Sector: In India's prevailing economic context, both the State Bank of India (SBI) and HDFC Bank encounter several distinct risks, which can be broadly classified into credit, liquidity, operational, environmental, and strategic risks.

Credit and Liquidity Risks: Both SBI and HDFC banks face challenges related to credit and liquidity risks. Credit risk emerges from borrowers' potential default, which can adversely affect banks' non-performing loans (NPLs) and overall financial stability. Conversely, liquidity risk pertains to a bank's capacity to fulfil its short-term obligations without incurring unacceptable losses. Research indicates that credit and liquidity risks significantly influence the financial performance of banks in South Asia, including India, where the non-performing loans ratio detrimentally impacts bank performance (Hunjra *et al.*, 2020) [5].

Environmental and Liability Risks: The banking sector, encompassing institutions such as SBI and HDFC Bank, is subject to increasing scrutiny of environmental and social governance practices. Banks are expected to incorporate environmental considerations into their lending practices to mitigate the credit and liability risks associated with environmental impact. Failure to engage proactively in green banking may adversely affect reputation and long-term viability (Sahoo & Nayak, 2007) [14].

Operational Risks: Operational risks pertain to the potential for losses resulting from inadequate or failed internal processes, personnel, and systems or from external events. Banks must maintain adequate capital reserves to manage these operational risks, as they are crucial determinants of financial stability (Hunjra *et al.*, 2020) [5].

Volatility and Market Risks: The Indian banking sector, encompassing institutions such as SBI and HDFC Bank, is required to navigate the challenges posed by volatility arising from macroeconomic indicators, regulatory changes, and global factors. This volatility has the potential to impact the profitability and stability of these banks in an uncertain economic environment (Bhattacharjee & Saha, 2023) [3].

Sustainability and Strategic Management: Sustainable strategic management has emerged as a critical focus for Indian banks. Notably, the SBI and HDFC Bank have been prioritized for their sustainable and strategic performance, underscoring the significance of incorporating sustainability into their strategic management processes to bolster resilience and performance (Rao & Shukla, 2023) [13].

Technological and Competitive Risks: With the increasing integration of technology into banking operations, both SBI and HDFC banks encounter risks related to digital transformation and cybersecurity. Technological advancements reshape the competitive landscape, necessitating continuous innovation by banks to maintain growth and customer satisfaction (Kamath *et al.* 2003) [7].
In conclusion, both the SBI and HDFC Bank must manage a multifaceted array of risks, including credit, liquidity, operational, environmental, market, and strategic risks, to sustain their financial stability and competitiveness within the dynamic banking sector of India. The implementation of effective risk management strategies and the integration of sustainability into their operations are essential measures that banks must undertake in the current economic climate.

Literature Review
The most pertinent prior research on risk management practices within the Indian banking sector, encompassing both public and private institutions and conducted by various academics and researchers, is reviewed below.
Vyas and Khan (2025) [17] conducted a comparative analysis of risk management practices between public- and private-sector banks in India. Their findings indicate that private banks are more inclined to implement agile, technology-driven, and proactive risk-mitigation strategies, which reflect stronger governance and the utilization of advanced analytical tools. In contrast, public sector banks predominantly depend on traditional compliance-based frameworks due to structural and governance challenges, such as legacy systems and bureaucratic decision-making processes. Despite operating within the same regulatory framework, private banks exhibit superior risk assessment and mitigation capabilities, resulting in enhanced financial stability and resilience. This study underscores the necessity of harmonizing risk practices across the sector, including reforms in governance, technology adoption, and risk culture, to bolster systemic stability within India's banking industry.
Pawar (2022) [12] conducted a comprehensive comparative analysis of risk management practices between public and private sector banks in India from FY2012 to FY2022. The study reveals that private sector banks generally surpass public sector banks in key risk metrics, including credit-to-deposit ratios, Net Interest Margin, Return on Equity, and Capital Adequacy Ratio, while also maintaining lower levels of Non-Performing Assets. Despite these disparities, both sectors achieve comparable ROA levels of Return on Assets. This research underscores the importance of continuous monitoring and proposes several recommendations to enhance risk management frameworks, such as strengthening risk assessment procedures, asset-liability management, capital management, fostering innovation and transparency, investing in talent development, and promoting knowledge sharing. Overall, these findings highlight the necessity for Indian banks to adopt more effective risk management practices to ensure

resilience and competitiveness in a dynamic financial environment.

Sharma (2016) [15] analysed risk management practices within Indian banks, with a particular emphasis on the challenges encountered and strategies employed for mitigation. This study addresses the various risks faced by banks, including credit, market, operational, liquidity, and compliance. It further examines the regulatory framework in India, as shaped by the Reserve Bank of India, encompassing the Basel III guidelines and the Risk-Based Supervision framework. Banks implement strategies such as credit scoring, hedging, portfolio diversification, and internal controls. The significant challenges identified include high levels of Non-Performing Assets, macroeconomic factors, cybersecurity risks, regulatory compliance, and talent shortages. Anticipated future trends involve the adoption of artificial intelligence, advanced stress testing, and the implementation of Basel IV. The paper advocates for investment in technology, enhancement of cybersecurity measures, management of NPAs, assurance of compliance, and cultivation of a risk-aware culture. While Indian banks have made progress in risk management, their ongoing adaptation to evolving risks and regulatory changes is crucial for maintaining stability.

Lakshmi and Preeshma (2023) [9] studied Public Sector Banks (PSBs) and Private Sector Banks (PVBs) in India, focusing on Non-Performing Assets (NPAs). They examined Gross NPAs, Net NPAs, Net Profit, and Return on Assets (ROA) to understand the financial health and efficiency of these banks. The study included three Public Sector Banks (SBI, PNB, and CANARA BANK) and three Private Sector Banks (HDFC, AXIS, and ICICI), chosen based on their market size. Data were obtained from bank reports, RBI Bulletins, magazines, and journals from 2018-2019 to 2022-2023. They used a descriptive research design and statistical tools, such as the Mean and the t-test. The study found that both types of banks are doing better financially, with fewer Gross NPAs, more Net Profit, and good Return on Assets. Private Sector Banks generally have a higher Return on Assets than Public Sector Banks. There is a big difference in NPAs between public and private banks. This study suggests that public banks should use the risk management practices of private banks, and private banks should maintain balanced growth. This positive trend shows a strong and improving financial environment.

Menon (2024) [10] studied how Indian banks manage financial risk. This study examines how banks deal with economic change and new rules. It focuses on risk-management strategies, including the use of technology. This study examines different risks such as credit, market, liquidity, and operational risks. Data were collected using Google Forms to obtain demographic details and opinions on banking strategies. This study reviews past research on risk management in Indian banks, considering economic changes, new rules, and technology. Data were analysed using statistics, including the chi-square test. This study finds that Indian banks use various strategies to handle risks, such as diversifying portfolios, stress testing, and strong internal controls. It concludes that Indian banks have improved in managing risks, but need to adapt to new economic and regulatory changes.

Taneja (2019) [16] studied how public and private banks manage risk. The study examined four key steps: understanding, identifying, analysing, and controlling risks. It includes 10 banks, five public and five private banks. Data were obtained from 75 managers, and 60 questionnaires were used in the final analysis. The goal was to compare the risks faced by these banks and determine how well managers understood the important risk-management steps. Public banks focus on clear roles and responsibilities, whereas private banks keep up with new risk techniques. To identify risks, most banks use Internal Audits (96.67%), and Risk Surveys use the least (70%). In analysing risks, public banks focus on credit risk, while private banks look at cost-benefit analysis, with Sensitivity Analysis being the most popular (95%). To control risks, the reserve for loan loss was the most used method (96.67%), and derivatives were the least used (66.67%). This study highlights the importance of risk management in banks under changing economic conditions. This stresses the need for bank employees to understand risks and have an active process to manage them.

Kishanrao (2023) [8] studied how banks handle risks, especially credit risk. This study highlights that managing risks well is key for banks, particularly those with credit risk. Banks need better tools to assess, monitor, and control risks because Indian banks have more Non-Performing Assets (NPAs) than the global average. This study examines NPA trends, how banks diversify their credit portfolios, and how this affects NPAs in both public and private banks. It also reviews credit risk management practices and the impact of new rules. This study examined 21 banks (12 public and 9 private) to understand their credit risk management policies. It was found that NPAs in public banks decreased after liberalization, while those in private banks remained the same. Private Banks had a higher concentration of risks than public banks. There is a strong link between NPAs and credit portfolio diversification in public banks, but not in private banks. Overall, Indian banks' credit risk management was unsatisfactory. This study suggests that banks should diversify their portfolios better, set up a Risk Management Information System, redesign internal rating systems, and use early warning signals for problem loans. They conclude that managing credit risk is challenging in today's market, and banks need to develop strong Early Warning Systems to handle credit risk effectively.

Aneja *et al.* (2015) [2] studied how Indian banks manage risk using the Z Risk index. They examined public, private, and foreign banks in India from 2006 to 2014. This study aimed to measure the Z Risk Index and compare the chances of these banks going bankrupt. They used data from 73 banks (26 public, 20 private, and 27 foreign banks) over nine years. The results show that public banks were safer than private and foreign banks because they had higher Z-index scores. Among the public banks, the State Bank of India's group performed better than nationalized banks. Foreign banks had more varied returns, leading to lower Z-index scores even though they had higher ROA and CAR. Federal Bank Ltd. has the highest Z-index among all banks. Overall, Indian banks became more financially stable during the study period, with some ups and downs during the global financial crisis. This study suggests that Indian banks should reduce bad loans and maintain a steady ROA to improve their financial health. Good risk management is important, especially given the recent challenges in the Indian banking sector.

Research Gap

Based on the literature review, it has been identified that there is a lack of significant research on the comparative analysis of risk management practices between SBI Bank and HDFC Bank, representing the public and private sectors, respectively. Consequently, this study endeavors to conduct a comprehensive and analytical examination of these banks.

Significance of the Study

The current study is of considerable significance for several reasons.

Enhancing Regulatory Understanding: This study examines the impact of regulatory reforms on risk management practices within the banking sector, with a particular focus on two prominent institutions, the SBI Bank and HDFC Bank. The analysis offers insights into the extent to which these banks have adapted to regulatory changes and the consequent implications for risk management, financial stability, and the broader economy (Bhattacharjee and Saha, 2023) [3].

Volatility Analysis: By employing analytical tools such as Bollinger Bands to examine bank volatility, this study elucidates market fluctuations induced by various determinants, including macroeconomic indicators and global influences. A comprehensive understanding of these factors can assist stakeholders in risk mitigation and strategic planning for financial uncertainties, thereby bolstering the banking sector's resilience (Bhattacharjee & Saha, 2023) [3].

Credit Risk Management: Effective management of credit risk is essential for ensuring the long-term sustainability and profitability of banking institutions. This study investigates the effectiveness of SBI and HDFC in managing credit risks, a factor critical for systemic stability, and the efficient allocation of capital (Chang *et al.*, 2024) [4].

Customer Perception and Trust: The comparison elucidates the influence of corporate social responsibility (CSR) on customer trust and purchase intentions. This study contributes to the existing literature on customer engagement in the banking sector by examining CSR practices and their effects on customer behaviour within SBI and HDFC. This insight is crucial for banks to refine their CSR strategies to enhance customer loyalty and trust (Hurrah *et al.* 2023) [6].

Technological Innovations: With the progression of artificial intelligence and machine learning, this study elucidates novel techniques for risk mitigation. By analysing these methods within the context of SBI and HDFC, stakeholders can gain a more comprehensive understanding of how to effectively incorporate technology into risk management frameworks (Ajirotutu *et al.*, 2024) [1].

Practical Implications for Policymakers: The insights derived from this comparative analysis provide crucial information for policymakers and stakeholders, assisting them in devising strategies to enhance risk management practices. These findings can contribute to the formulation of comprehensive policies that foster a stable and efficient banking environment (Bhattacharjee & Saha, 2023) [3].

Contributing to Academic Literature: By concentrating on two prominent banks, this study establishes a benchmark for comparative analyses within the banking sector. This research makes a significant contribution to the literature on banking in emerging markets by providing substantial data that can serve as a reference for future studies in analogous contexts (Bhattacharjee & Saha, 2023) [3].

This study holds considerable significance as it not only advances the comprehension of risk management practices within major Indian banks but also offers strategic insights to enhance the resilience of the banking sector in addressing future economic challenges.

Objectives of the Study

The objective of this research is to perform a comparative analysis of the risk management strategies utilized by public sector banks, specifically the State Bank of India (SBI), and private sector banks in India, such as the HDFC Bank. This study concentrates on critical risk indicators, including credit risk, capital adequacy, operational efficiency, and provisioning strategies. It aims to assess the effectiveness of these practices in mitigating financial risk and maintaining stability. Furthermore, this research investigates the impact of governance structures, regulatory compliance, and technological adoption on shaping risk management outcomes in both the public and private banking sectors.

Research Methodology

This research conducts a comparative analysis using secondary data sourced from reputable financial institutions, scholarly publications, articles, journals, research-based publications, and the annual reports of SBI Bank and HDFC Bank for the period 2015-16 to 2024-25. The study's resources encompass risk disclosure reports, annual reports, financial statements, and regulatory publications issued by the Reserve Bank of India (RBI), the Basel Committee on Banking Supervision, and other financial authorities. Specifically, publicly accessible data from the leading public sector bank, the State Bank of India (SBI), and the prominent private sector bank, the HDFC Bank, were selected for this comparative analysis. The selection of these banks is predicated on market capitalization. SBI Bank and HDFC Bank were chosen for the study in the public and private sectors, respectively, owing to their market capitalization and the comprehensive risk-related disclosures available in their annual reports. This study adopts a descriptive and analytical methodology to examine disparities in risk management strategies between public- and private-sector banks in India. It evaluates quantitative risk metrics, including Net Non-Performing Assets (NPAs), Capital Adequacy Ratio (CAR), Provision Coverage Ratio (PCR), Return on Assets (ROA), Return on Equity (ROE), and Credit Deposit Ratio (CDR). These metrics are essential for assessing the credit risk, operational efficiency, and capital strength. This study employed comparative tabulation and ratio analysis methods to derive conclusions. No primary data were collected, ensuring that the study focused on verified publicly available information. The findings were compiled to ascertain whether private sector banks, such as the HDFC Bank, exhibit more robust and adaptable risk management practices than public sector banks, such as the SBI Bank.

Analysis and Discussion

Financial risk indicators from a prominent public sector bank (SBI Bank) and a leading private sector bank (HDFC Bank) have been analysed over the past ten financial years, encompassing the period from 2015-16 to 2024-25 to assess the effectiveness of risk management strategies in Indian banking sector both public and private sector. These analyses and findings are presented in the analysis and discussion section of the study.

Table-1: Comparative Risk Management Practices between Public Sector Bank (SBI Bank) and Private Sector Bank (HDFC Bank) in India from 2015-16 to 2024-25

Financial Ratios for Risk Management Practice for SBI Bank and HDFC Bank												
Year	Net NPA (SBI)	Net NPA (HDFC)	CAR (SBI)	CAR (HDFC)	PCR (SBI)	PCR (HDFC)	ROA (SBI)	ROA (HDFC)	ROE (SBI)	ROE (HDFC)	CD Ratio (SBI)	CD Ratio (HDFC)
2015-16	3.81	0.28	13.12	15.53	44.36	69.94	0.46	1.92	7.74	17.97	82.98	89.27
2016-17	3.71	0.33	13.11	14.55	49.38	68.67	0.41	1.88	7.25	18.04	72.96	91.04
2017-18	5.73	0.4	12.6	14.82	59.23	69.78	-0.19	1.93	-3.8	18.22	72.01	88.79
2018-19	3.01	0.39	12.72	17.11	60.88	71.36	0.02	1.9	0.48	16.3	75.73	94.22
2019-20	2.23	0.36	13.06	18.52	65.21	72	0.38	2.01	7.74	16.76	72.52	91.05
2020-21	1.5	0.4	13.74	18.79	70.88	69.81	0.48	1.97	9.94	16.6	67.3	88.87
2021-22	1.02	0.32	13.83	18.9	75.04	72.69	0.67	2.03	13.9	16.9	68.36	91.2
2022-23	0.67	0.27	14.68	19.26	76.39	75.76	0.96	2.07	19.4	17.4	73.13	88.28
2023-24	0.57	0.33	14.28	18.8	75.02	74.04	1.04	1.98	20.3	16.1	76.2	107.95
2024-25	0.47	0.43	14.25	19.6	74.42	68	1.1	1.94	19.9	14.4	78.14	100.52
Average	2.272	0.351	13.54	17.588	65.08	71.205	0.533	1.963	10.3	16.869	73.933	93.119

Source: Compiled from the Annual Reports of SBI Bank and HDFC Bank from 2015-16 to 2024-25

Observation: This study presents the principal observations derived from the financial ratios of SBI Bank and HDFC Bank for the period spanning 2015-16 to 2024-25:

Asset Quality Ratio (Net NPA %)

- The HDFC Bank has consistently maintained lower non-performing assets (NPAs), ranging from 0.28% to 0.43%, in comparison to the State Bank of India (SBI), which reached a peak of 5.73% in the fiscal year 2017-18.
- The State Bank of India (SBI) demonstrated a marked improvement by reducing its Non-Performing Assets (NPAs) from 3.81% in fiscal year 2015-16 to 0.47% in 2024-25.
- HDFC's asset quality of HDFCs remained stable, with non-performing assets (NPAs) consistently below 0.43% compared to the State Bank of India (SBI) over the observed period.

Capital Adequacy Ratio (CAR %)

- The HDFC Bank exhibited a higher Capital Adequacy Ratio (CAR), averaging 17.59%, in comparison to the State Bank of India (SBI), which averaged 13.54%.
- The Capital Adequacy Ratio (CAR) of the State Bank of India (SBI) exhibited fluctuations, ranging from 12.6% to 14.68%, whereas the Housing Development Finance Corporation (HDFC) maintained a higher buffer, reaching a peak of 19.6% in the fiscal year 2024-25.

Provisioning Coverage Ratio (PCR %)

- HDFC demonstrated a higher average Provision Coverage Ratio (PCR) of 71.21% compared to SBI (65.08 %), suggesting superior provisioning practices.
- The State Bank of India (SBI) has significantly enhanced its Provision Coverage Ratio (PCR) from 44.36% in fiscal year 2015-16 to 74.42% in 2024-25, in comparison to the HDFC Bank over the same period.

Profitability Ratio (ROA (%) and ROE (%)

- HDFC Bank demonstrated superior profitability, evidenced by an average Return on Assets (ROA) of 1.96% and an average Return on Equity (ROE) of 16.87%.
- The profitability of SBI exhibited volatility, as evidenced by a negative Return on Assets (ROA) in fiscal year 2017-18. However, subsequent improvements were observed, with the ROA reaching 1.1% and the Return on Equity (ROE) attaining 19.9% in the fiscal year 2024-25.
- The return on equity (ROE) for HDFC decreased from 17.97% in fiscal year 2015-16 to 14.4% in 2024-25, whereas the ROE for SBI increased from 7.74% to 19.9% over the same period.

Credit-Deposit Ratio (CD Ratio %)

- HDFC exhibited a higher Credit-Deposit (CD) ratio, averaging 93.12%, suggesting a more aggressive lending strategy.
- The average Credit-Deposit (CD) ratio of the State Bank of India (SBI) was 73.93%, indicating a more conservative approach to lending.
- In the fiscal year 2023-24, HDFC’s credit deposit (CD) ratio exceeded 100%, reaching 107.95%, which signifies a substantial dependence on borrowings that surpass its deposits.

Important Takeaways

HDFC Bank demonstrated superior performance compared to SBI in terms of asset quality, capital adequacy, and profitability. Since 2018, SBI has shown significant improvements in reducing non-performing assets (NPA), enhancing the provision coverage ratio (PCR), and increasing profitability. The HDFC Bank relies more heavily on non-deposit funding, as indicated by its high credit-deposit (CD) ratio, whereas SBI is predominantly driven by deposits. Although the SBI's return on equity (ROE) surpassed that of the HDFC Bank in recent years, it continues to exhibit greater stability.

Risk Management Implications
The HDFC's lower Non-Performing Assets (NPAs) and higher Capital Adequacy Ratio (CAR) suggest enhanced risk resilience. Conversely, the improving trends observed in the State Bank of India (SBI) indicate a strengthening of its risk-management strategies. However, HDFC's declining Return on Equity (ROE) and increasing credit deposit (CD) ratio may signal an elevated risk exposure.

Findings of the Study: The following are the principal findings from the comparative analysis of risk management practices between SBI Bank and HDFC Bank for the period spanning 2015-16 to 2024-25:

Asset Quality
- The HDFC Bank has consistently maintained a lower level of non-performing assets (NPAs) than the State Bank of India (SBI), with figures ranging from 0.28% to 0.43%.
- The State Bank of India (SBI) demonstrated substantial progress by decreasing its Non-Performing Assets (NPAs) from 5.73% in fiscal year 2017-18 to 0.47% in 2024-25.

Capital Adequacy
- The HDFC Bank demonstrated a superior average Capital Adequacy Ratio (CAR) of 17.59% in comparison to SBI's 13.54%.
- The Capital Adequacy Ratio (CAR) of the State Bank of India (SBI) exhibited fluctuations ranging from 12.6% to 14.68%, whereas HDFC maintained a more substantial buffer, reaching a peak of 19.6% in the fiscal year 2024-25.

Provisioning
- HDFC exhibited a higher average Provision Coverage Ratio (PCR) of 71.21% than SBI (65.08 %).
- The State Bank of India (SBI) has markedly enhanced its vision coverage ratio (PCR), increasing from 44.36% in fiscal year 2015-16 to 74.42% in 2024-25.

Profitability
- HDFC Bank demonstrated superior profitability, evidenced by an average Return on Assets (ROA) of 1.96% and a Return on Equity (ROE) of 16.87%.
- The profitability of SBI exhibited volatility; however, it demonstrated improvement, achieving a Return on Assets (ROA) of 1.1% and a Return on Equity (ROE) of 19.9% in the fiscal year 2024-25.

Credit-Deposit Ratio: The HDFC exhibited a higher average Credit-Deposit (CD) ratio of 93.12%, suggesting a more assertive lending strategy.
The State Bank of India (SBI) maintained a relatively conservative average credit deposit (CD) ratio of 73.93%.

Risk Management Implications
- HDFC's lower non-performing assets (NPAs) and higher capital adequacy ratios (CAR) indicate enhanced risk resilience.
- The SBI's improving trends indicate the strengthening of risk-management strategies.
- The declining return on equity (ROE) and increasing credit-deposit (CD) ratio of HDFC may indicate increased risk exposure.

Conclusion
The comparative analysis of risk management practices between SBI Bank and HDFC Bank from 2015-16 to 2024-25 reveals notable differences in their methodologies and outcomes. HDFC Bank consistently exhibited superior performance in terms of key risk indicators, including asset quality, capital adequacy, and profitability. Its lower non-performing assets (NPAs), higher capital adequacy ratio (CAR), and enhanced return on assets (ROA) reflect effective risk management strategies and greater financial resilience. Conversely, SBI Bank demonstrated significant improvement over the study period, particularly in reducing NPAs and enhancing its provision coverage ratio (PCR), indicating a strengthening of its risk-management framework in recent years. While the HDFC Bank maintained a more aggressive lending strategy, as evidenced by its higher credit-deposit ratio, this also suggests a potentially higher risk exposure. In contrast, SBI's more conservative approach may offer greater stability under challenging economic conditions. The findings underscore the evolving nature of risk management in the Indian banking sector, with both public and private banks adapting their strategies to enhance their financial stability and performance. This study highlights the critical importance of robust risk management practices in maintaining bank health and customer trust under dynamic market conditions. Moving forward, both banks must continue refining their risk-management approaches, leveraging technological innovations, and responding to regulatory changes to ensure long-term sustainability and competitiveness in the evolving financial landscape.

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