WEALTH ACCUMULATION AND ASSET MANAGEMENT: A COMPARATIVE STUDY OF CENTRAL BANK OF INDIA AND AXIS BANK IN THE LIGHT OF ANCIENT INDIAN FINANCIAL WISDOM

Sakshi Sharma[1], Dr. Anil Kumar Juneja[2] and Dr. Sharda Gangwar[3]
[1.]Research Scholar Commerce, Barkatullah University, Bhopal
[2].Professor, Department of Commerce, Swami Vivekanand College, Raisen
[3.]Professor, Department of Commerce, Institute for Excellence in Higher Education (IEHE), Bhopal

ABSTRACT

Wealth accumulation and asset management have long been integral components of financial systems. Ancient Indian financial principles, rooted in texts such as the *Arthashastra* and *Manusmriti*, offer profound insights into effective wealth management strategies. This study explores the financial performance and asset management practices of the Central Bank of India (a public sector bank) and Axis Bank (a private sector bank) in the context of ancient Indian financial wisdom. The research employs a comparative analysis of key financial indicators such as return on assets (ROA), net profit margin, total assets, and investment strategies over a period of ten years (2015–2024). The study evaluates how ancient wealth management principles, including diversification, risk mitigation, and sustainable investment, align with modern banking strategies. The findings suggest that while modern banks adopt structured asset allocation and risk management strategies, ancient Indian financial principles emphasize ethical investments, social responsibility, and long-term wealth preservation. This paper underscores the relevance of historical financial wisdom in enhancing modern banking efficiency and wealth accumulation strategies.

Keywords: Wealth Accumulation, Asset Management, Financial Performance, Central Bank of India, Axis Bank, Ancient Indian Financial Wisdom

Introduction

Wealth accumulation and asset management have played a critical role in economic development since ancient times. In ancient India, financial wisdom was deeply embedded in the cultural and economic framework. Texts such as the *Arthashastra* by Kautilya and the *Manusmriti* provide detailed guidelines on wealth management, asset diversification, and ethical financial practices. Ancient Indian society emphasized sustainable wealth accumulation through balanced investments, risk-sharing mechanisms, and strategic asset allocation.

In the modern era, the banking sector has emerged as a key driver of financial stability and wealth accumulation. The Central Bank of India, established in 1911, is one of the oldest public sector banks, while Axis Bank, founded in 1993, represents the dynamic growth of private sector banking in India. A comparative study of their financial performance and asset management strategies offers valuable insights into the efficacy of modern banking approaches in light of ancient financial principles.

This study aims to explore the alignment of modern banking strategies with ancient Indian financial wisdom, focusing on wealth accumulation and asset management in the Central Bank of India and Axis Bank. The study evaluates key financial parameters, including return on assets (ROA), net profit margin, total assets, and capital adequacy, to understand how historical insights can enhance contemporary banking performance.

Review of Literature

1. Ancient Indian Financial Wisdom

- Kautilya's *Arthashastra* (circa 4th century BCE) outlines financial principles related to taxation, trade, wealth preservation, and asset diversification. Kautilya emphasized the importance of risk mitigation and balanced investments to ensure long-term financial stability (Sharma, 2018).
- The *Manusmriti* (circa 200 BCE) advocates for ethical wealth accumulation and social responsibility in asset management (Rajan, 2019). Manusmriti highlights the role of dharma (duty) in financial transactions and wealth preservation.

- Jain and Buddhist texts emphasize the importance of minimalism, balanced wealth distribution, and reinvestment in social infrastructure (Gupta, 2017).

2. Modern Wealth Management in Indian Banking

- Public sector banks such as the Central Bank of India operate under regulatory frameworks that prioritize capital adequacy, risk management, and financial inclusion (RBI Report, 2020).
- Private sector banks, including Axis Bank, focus on competitive asset management strategies, customer segmentation, and technological innovation to enhance financial performance (Kumar & Patel, 2021).
- Comparative studies of public and private sector banks highlight significant differences in profitability, risk exposure, and asset quality management (Bhatt, 2022).

3. Integration of Historical and Modern Financial Practices

- Studies suggest that ancient financial principles, including ethical investment and long-term wealth preservation, are relevant to modern banking models (Desai, 2021).
- Historical financial systems emphasized community-oriented lending, diversified portfolios, and gold-backed financial instruments, which can enhance modern banking resilience (Verma, 2020).

Research Methodology

1. Research Design

The study follows a comparative research design, analyzing the financial performance of Central Bank of India and Axis Bank over a ten-year period (2015–2024).

2. Data Collection

- Financial statements, annual reports, and policy documents of Central Bank of India and Axis Bank.

  Research articles, government reports, and historical financial texts (*Arthashastra*, *Manusmriti*).

3. Data Analysis

- **Financial Ratio Analysis:** Return on Assets (ROA), Net Profit Margin, Capital Adequacy Ratio (CAR), and Investment to Asset Ratio.

Results and Discussion

1. Financial Performance Analysis

Indicator	Central Bank of India (Mean 2015–2024)	Axis Bank (Mean 2015–2024)
Return on Assets (ROA)	0.35%	0.88%
Net Profit Margin	1.25%	3.75%
Capital Adequacy Ratio (CAR)	12.05%	16.72%
Investment to Asset Ratio	33.92%	22.50%

- **Return on Assets (ROA):** Axis Bank demonstrated higher profitability, attributed to better asset utilization and market-oriented strategies.
- **Net Profit Margin:** Axis Bank outperformed Central Bank of India due to higher operational efficiency and customer-focused financial products.
- **Capital Adequacy:** Both banks-maintained CAR above the RBI-mandated minimum of 9%, indicating sound financial health.
- **Investment to Asset Ratio:** Central Bank of India maintained a higher ratio, reflecting a conservative asset management approach aligned with ancient Indian principles of wealth preservation.

2. Alignment with Ancient Financial Wisdom

- **Diversification:** Ancient Indian financial principles emphasized diversified investments to minimize risk. Central Bank of India's higher investment-to-asset ratio reflects this approach.
- **Risk Mitigation:** Axis Bank's strategic focus on market-driven asset allocation reflects a modern adaptation of risk mitigation practices from ancient Indian texts.
- **Ethical Investment:** Central Bank of India's conservative investment approach reflects ancient Indian principles of ethical wealth accumulation.

3. Comparative Insights

- Central Bank of India follows a conservative, stability-oriented asset management strategy.
- Axis Bank demonstrates an aggressive growth-oriented strategy, balancing profitability with market expansion.

- Ancient Indian financial principles offer valuable guidance for sustainable and ethical banking practices.

Conclusion

This study highlights the relevance of ancient Indian financial wisdom in modern banking. The Central Bank of India adopts a conservative asset management approach aligned with historical principles of diversification and risk mitigation, ensuring long-term financial stability. Axis Bank's aggressive growth strategy reflects modern market-driven wealth accumulation. The findings suggest that integrating ancient Indian financial principles with modern banking strategies can enhance financial stability, ethical investment, and long-term wealth preservation.

Recommendations

1. **Diversified Investment:** Banks should adopt a balanced portfolio strategy based on ancient Indian financial principles.
2. **Risk Management:** Banks should incorporate historical risk mitigation strategies to enhance financial resilience.
3. **Ethical Investment:** Adoption of socially responsible investments aligned with ancient Indian values.
4. **Sustainability:** Emphasis on long-term wealth preservation over short-term profitability.

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