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## A STUDY ON FINANCIAL ANALYSIS OF STATE BANK OF INDIA

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### ABSTRACT

The objective of the project “A Study on Financial Performance of SBI Bank” is to use a variety of financial ratios and techniques to assess the State Bank of India’s (SBI) financial performance. To investigate the SBI Bank’s financial situation, profitability, liquidity, solvency and efficiency, the study makes use of both primary and secondary data sources. The bank’s annual reports as well as a number of financial websites and periodicals provided the data for the study.

**KEYWORDS:** Financial performance, State Bank of India, financial ratios, profitability, liquidity, solvency.

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### INTRODUCTION

In the system of finance, money is exchanged between investors, lenders, and borrowers. It functions on a number of levels, including national, international, and company levels. As a result, it involves several intricacies pertaining to institutions, markets, etc. When governments, business, and investors are deciding on plans and budgets for present and future initiatives, financial analysis is the driving force behind wise business decisions. Financial analysis can evaluate risk and offer guidance on financial policies by gathering, arranging, and evaluating financial data and applying it to predict market movements and economic situations. Their knowledge is essential for prudent money management.

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### OBJECTIVES

- To examine the resources and tactics that State Bank of India has at its disposal
- To research State Bank of India’s financial development
- To evaluate SBI’s total liquidity and profitability

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### SCOPE OF THE STUDY

- This study’s analysis of SBI’s financial performance is restricted to a particular time frame, with an emphasis on the bank’s financial measures and ratios from 2018 to 2022.
- The study will analyze SBI’s financial performance in terms of profitability, liquidity, solvency and efficiency using both quantitative and qualitative research methodologies, such as financial statement analysis, ratio analysis, and trend analysis. The study’s conclusions are restricted to SBI and do not apply to other banks or financial organizations in general.
- This study’s overall goal is to present a thorough and in-depth examination of SBI’s financial performance, with an emphasis on identifying important trends and drivers as well as possible areas for development and future growth prospects.

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## REVIEW

- Mishra et al. (2021) conducted a study on the financial performance of SBI. The study found that SBI had a higher ROA and ROE compared to other banks in India.
- The study also found that SBI had a higher NIM and lower NPA compared to other banks.
- Chakraborty and Debnath (2021) conducted a study on the impact of financial performance of banks in India, including SBI. The study found that financial inclusion had a positive impact on the financial performance of banks, including SBI.
- Nayak and Singh (2020) conducted a study on the financial performance of Indian banks during the COVID-19 pandemic, including SBI. The study found that the pandemic had a negative impact on the financial performance of banks, including SBI. However, SBI's financial performance was relatively better compared to other banks due to its strong digital infrastructure.
- PATEL BHAVESHKUMAR K (2020), studied the Financial Performance of SBI bank, this study is based on secondary data that has been collected from annual reports of the SBI bank, books, newspapers, magazines, journals, documents, research papers, websites and other published information. This study's main objective is to find out the profitability, liquidity ratios and solvency ratios to measure the financial health of SBI bank. This study is focused on evaluating the performance of SBI bank. The various ratios under the above category were collected and it is found that there is a significant growth in the year 2020. SBI has more profitability because it enters into the industry as well as commercial market also and regularly it improves the service quality level.
- Financial Performance of SBI Bank after Merger with Associate Banks by Singh and Sahu (2019). This study analyzed the financial performance of SBI Bank after its merger with five associate banks in 2017. The researchers used various financial ratios such as ROA, ROE, NIM and Asset Quality to evaluate the bank's financial performance. The study found that SBI Bank had a significant growth in terms of assets, deposits and loans after the merger.

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## STATEMENT OF PROBLEM

A crucial component of State Bank of India's (SBI) operations is its financial performance, which influences the bank's capacity to make money, uphold financial stability and control risks. India's banking business is fiercely competitive and SBI must contend with issues like regulatory pressure, growing competition from private sector banks and unstable economic conditions. Consequently, it is necessary to carry out an extensive investigation of:

- Using SBI's financial performance over the previous five years (2018-2022), one can evaluate the bank's possibilities, threats, vulnerabilities and strengths.
- A review of SBI's financial records and important financial measures, including profitability, asset quality, capital adequacy, revenue, and liquidity.

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## RESEARCH METHODOLOGY

The methodology of the study includes:

- Information Source
- Research Design
- Tools used for analysis
- Duration of data assessment study

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## COMPANY PROFILE

Mumbai serves as the corporate headquarters of State Bank of India (SBI), a Fortune 500 business that is an Indian multinational public sector banking and financial services statutory entity. Since SBI has been around for more than 200 years, Indians have trusted it more than any other bank throughout the course of many generations.

Serving over 48 crore customers through its extensive network of over 22,405 branches, 65,627 ATMs/ADWMs and 76,089 BC outlets, SBI is the largest bank in India with a quarter of the market. The bank places an underappreciated emphasis on innovation and customer centricity, which is derived from its core values of service, transparency, ethics, politeness and sustainability.



With its several subsidiaries, including SBI General Insurance, SBI Mutual Fund, SBI Card, etc., The bank has effectively diversified its business. It now has 235 offices scattered across 29 other nations, allowing it to operate across time zones and expand its worldwide reach.

As it expands over time, SBI redefines banking in India with the goal of providing sustainable and responsible financial solutions.

## LIMITATIONS OF THE STUDY

- Not every kind of statistical instrument or technique can be used
- The research relies on secondary data
- This study just relates to financial issues

## DATA ANALYSIS AND INTERPRETATION

### CURRENT RATIOS

A financial statistic called the current ratio assesses a bank's capacity to pay its short-term debts with its current assets. It is computed by dividing the bank's current assets by its current liabilities, namely:

**Current Ratio = Current Assets / Current Liabilities**

Cash and cash equivalents, investments, loans and advances and other current assets make up SBI bank's current assets. Deposits, loans and other short-term obligations are included in its current liabilities. Higher current ratios show that SBI Bank has enough liquid assets on hand to cover its immediate liabilities. On the other hand, a lower current ratio suggests that the bank would have trouble paying its short-term debt

TABLE SHOWING CURRENT RATIO TABLE.NO. 4.1.1

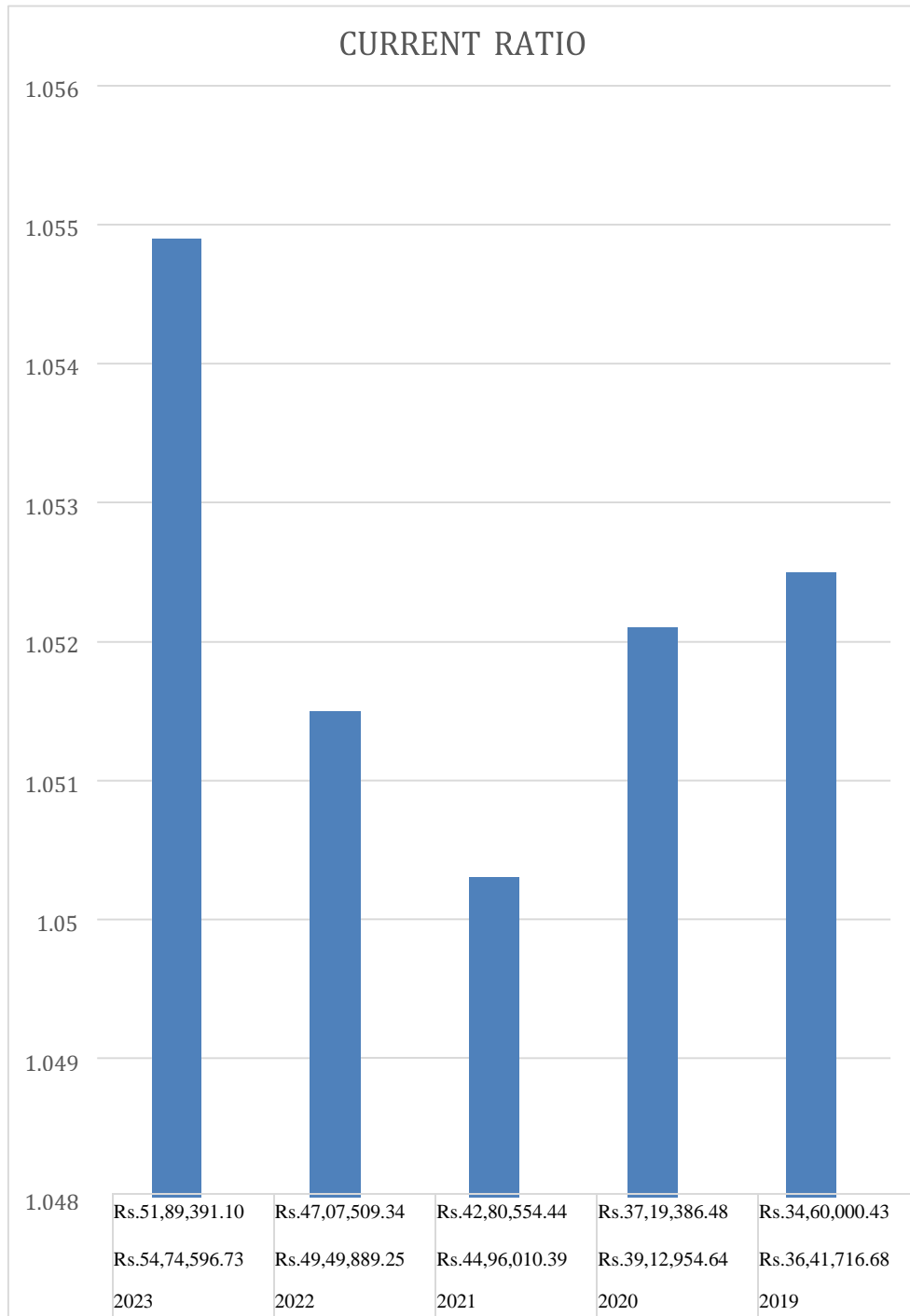
YEAR	CURRENT ASSET	CURRENT LIABILITIES	CURRENT RATIO
2023	Rs.54,74,596.73cr	Rs.51,89,391.10cr	1.0549
2022	Rs.49,49,889.25cr	Rs.47,07,509.34cr	1.0515
2021	Rs.44,96,010.39cr	Rs.42,80,554.44cr	1.0503
2020	Rs.39,12,954.64cr	Rs.37,19,386.48cr	1.0521
2019	Rs.36,41,716.68cr	Rs.34,60,000.43cr	1.0525

SOURCE: SECONDARY DATA

## INTERPRETATION

- The current ratio for the fiscal years 2019-2023 is trending equivalent in the table above.
- However, the existing ratio falls very significantly in 2020-2021.
- Since the SBI's current asset to liability ratio is **more than 1**, its current assets are insufficient.

**CHART.NO. 4.1.1**  
**CHART SHOWING CURRENT RATIO**



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## FINDINGS

- The current ratio of State Bank of India was **1.0525** in **2019**, it **decreased** to **1.0521** in **2020**, followed by a **decrease** to **1.0503** in **2021**, then it **increased** to **1.0515** in **2022** and again **increased** to **1.0549** in **2023**.

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## SUGGESTIONS

- Boost **current assets** to **lower** the risk of **not having enough money** to fulfill **short- term obligations** by **improving** the **current ratio** and **quick ratio**.
- Improve **cost management** to **sustain** the **increasing trend** of **net profit ratio**; focus on tuning **performance and equity management** to bring a **positive trend** in **operating profit ratio**; employ the **non-performing assets** in **best areas** that can **provide a better return** to enable a **positive trend** in **gross non-performing asset ratio**.

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## CONCLUSION

In conclusion, scholars, decision-makers, and business professionals have all expressed interest in the State Bank of India's (SBI) financial performance. The many elements that have contributed to SBI's better financial performance, such as the adoption of digital banking, mergers and successful management techniques, have been emphasized by the literature research done from 2019 to 2023.

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