



A STUDY ON FINANCIAL PERFORMANCE OF STATE BANK IN INDIA

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ABSTRACT:

In this study, the main objective is to analyse the financial performance .The banking sector in any economy plays a significant role in its growth and development. This paper is based on financial performance analysis of SBI bank of India. This paper aims to evaluate financial performance of SBI bank on the basis of accounting ratios and also to study the functioning of the Indian banking system. In this paper different ratios, trends are analyzed. Current ratio, liquid ratio, net working capital ratio, gross profit ratio, inventory turnover ratio, cash position ratio, mean, range, variance and trend analysis. This research is based on the data collected from financial statements of the banks. The performance of the banks are analyzed from the year 2020 to 2024. It is observed that performance of SBI is good in terms of ratio analysis but also in terms of customer satisfaction

Keywords: Banks, Ratios, Performance, Analysis, Banking sector

INTRODUCTION

INTRODUCTION TO THE STUDY

The banking industry is now one of India's most important service industries. The availability of high-quality services is critical to the economy's success. Banks' attention has turned away from customer acquisition to customer retention. The introduction of Information Technology into the banking sector has changed the way people work. The banking sector's policy has undergone radical transformations, various customer-oriented products, such as internet banking, are available. Customer's workload has been reduced mainly because of ATM providers, telebanking, and electronic payments.

The internet's convenience Banking allows a customer to access and manage his bank account without having to go to the bank. The Customer's options have been revolutionized by the availability of ATMs and credit/debit cards. India is not only the world's largest independent democracy, but it is also a rapidly growing economic powerhouse. No country can have a stable economy without a sound and efficient banking system. Banks play a critical role in a country's economic growth.

OBJECTIVES OF THE STUDY:

To evaluate the performance of the banks following are the main objectives of the present study:

- To assess the financial performance of SBI using key financial indicators.
- To evaluate SBI's liquidity position and financial stability.
- To study the financial strength in the banking sector of SBI BANK.
- To identify challenges and suggest ways to improve SBI's financial growth.

SCOPE OF THE STUDY:

The study was evaluate of SBI BANK and to analyse the financial performance of the past 5 years. The data are collected from the previous 5 years "audit book", "profit and loss account" and "balance sheet". The study aims to analyse and compare the liquidity, profitability, solvency position of the banks. The project is conducted in order to know the functioning of the bank. It will help in determining the negatives and positives of the business concern. The study will also help in the future growth and decision making of the banks.

STATEMENT OF THE PROBLEM:

State Bank of India (SBI), being the largest public sector bank in India, plays a significant role in the country's financial system. However, in an evolving banking landscape characterized by increasing competition, technological advancements, regulatory changes, and economic fluctuations, assessing SBI's financial performance becomes essential.

This study seeks to analyse SBI's financial health by examining key performance indicators such as profitability, asset quality, capital adequacy, liquidity, and operational efficiency. The problem under study is whether SBI has maintained consistent financial growth and stability despite various economic and industry challenges. It also aims to identify the strengths and weaknesses in SBI's financial structure and suggest possible measures for improvement.

RESEARCH METHODOLOGY➤ **Research Design:**

A research design is the arrangement of condition for collection and analysis of data in a means that aims relevance to the research purpose with economy in procedure. In this study the descriptive research is followed.

➤ **Research method:**

Sources of data can be grouped into various categories depending on their origin, collection methods, and types of information they provide. Here are some common sources.

➤ **Source of Information:**

The study based on secondary data. Secondary data has been collected from various sources like Research papers, reviews, reports.

➤ **Tools used for analysis**➤ **Ratio Analysis:**

- Liquidity ratios
- Profitability ratios
- Turnover ratios
- Mean
- Range
- Variance
- Trend analysis

Period of the study:

In this research, the data for the past 5 years has been selected and analyzed from the financial years 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024.

LIMITATIONS OF THE STUDY

1. The study is done for a shorter time period, if the data is taken for a longer period the findings and conclusion of the study may vary.
2. The study is only limited with SBI and not included with other banks.
3. The study is based on the secondary data. The secondary data was taken from the annual report of SBI BANK.

REVIEW OF THE LITERATURE

Mr. Harshdeep Vijay Pande, (2023) The study on the comparative analysis of SBI and HDFC it was discovered that both the banks are managing their ratios to the best of their abilities within the specified parameters. However, when we compare the two banks, it appears that HDFC Bank has an edge over SBI, reason being HDFC Bank have lower NPAs than the SBI.HDFC Bank having average Gross NPAs less than 1.5% while SBI having the GNPAs near about 8.1% as per the annual report of both banks over the last three years.

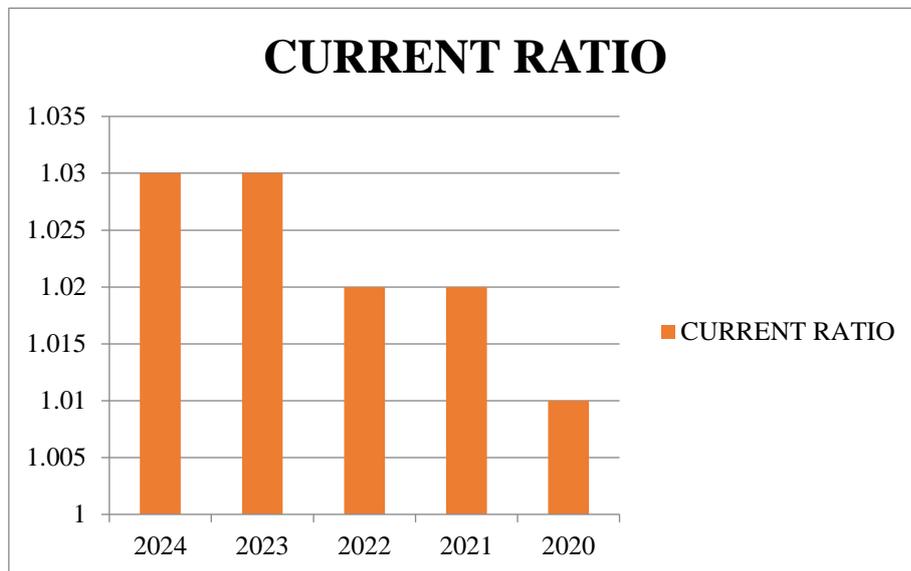
Pedekar Saniya Iliyas & Dr. Jyoti Chougale, (2024) A country's banking industry plays an integral part in its economic growth. One of India's top public sector banks is the State Bank of India. SBI has a greater position in the market. A review of the literature from 2019 to 2023 has brought to light the several aspects that have helped SBI's financial performance to improve.

N. Nayana & Dr.K.P. Veena, (2022) The objectives of the paper is study the profitability position of SBI and to analyze the profitability performance of SBI. The data collection of the paper is primarily based on secondary data with various data tool using for the period from 2023-2024.

3. DATA ANALYSIS AND INTERPRETATION

CURRENT RATIO

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2024	5,686,112.5	5,513,637.7	1.03
2023	5,077,535.2	4,916,912.9	1.03
2022	4,609,964.4	4,477,577.5	1.02
2021	4,144,241.7	4,098,574.8	1.02
2020	3,623,341.1	3,556,276.4	1.01
Mean			1.022
Range			0.02
Variance			5.222



TREND ANALYSIS

PROGRESSIVE GROWTH OF OWNED FUNDS IN STATE BANK OF INDIA

YEAR	SHARE CAPITAL (y)	X	X ²	XY	Yc=a+bx
2024	892.4	-2	4	3,570	4,138
2023	892.4	-1	1	3,570	2,515
2022	892.4	0	0	3,570	0
2021	892.4	1	2	3,570	2,515
2020	892.4	2	4	3,570	4,138
	$\sum y=4462$		$\sum X^2=11$	$\sum XY=17,850$	

$a = \sum Y/N = 4462/5 = 892$

$b = \sum XY / \sum X^2 = 17,850/11 = 1,623$

CALCULATIONS:

$$892+1,623(-2) =4,138$$

$$892+1623(-1) =2,515$$

$$892+1623(0) =0$$

$$892+1623(1) =2,515$$

$$892+1623(2) =4,138$$

4.FINDINGS, SUGGESTIONS AND CONCLUSIONS***FINDINGS OF THE STUDY***

- The current ratio for the year 2020 is 1.01 and it is getting gradually increased by the year 2024 as 1.03. It shows that the SBI has inadequate current asset to reconcile its current liabilities. The mean value is 1.022, Range is 0.02 and the variance is 5.222.
- The Progressive growth of borrowings in state bank of India in trend analysis shows the result in an increasing rates.
- The Progressive growth of borrowings in state bank of India in trend analysis shows the result in an decreasing rates.

SUGGESTIONS OF THE STUDY

- The SBI Bank must to take necessary measures to improve their current assets and reduce their advances and current liabilities.
- The SBI bank must concentrate to improve their fixed asset value.
- The SBI bank must take necessary steps to decrease their long term funds.
- The SBI bank should improve their value of reserves.
- The SBI bank must concentrate to improve their net profit value.

CONCLUSION

Bank is not merely a trader in money but also an important manufacturer of money. Indian Banking sector is growing at rapid pace in co-ordination with global changes. Today banking in India is mature in terms of supply, product range and has reached even in rural India through rural banking and remote banking. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets.

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