

Analysing the Financial Performance of State Bank of India

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Abstract: *Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. Now Ratio analysis is very significant tools for all types of business. This is because ratio analysis indicated various types of position of the business such as profitability position, liquidity position, solvency position and activity position also ration analysis overcome drawback of the financial institutions. Therefore, this paper aim to analyse the financial performance of State Bank of India using various ratios and financial tools. In this study financial position, liquidity, profitability and efficiency of SBI bank will be examined through primary and secondary data sources. It is major part of India's whole banking system. In terms of assets, deposits, and staffs, SBI is the biggest commercial bank in India. The analysis concludes that SBI bank has steadily increased its profitability over time and maintained a solid financial position.*

Keywords: State Bank of India, Financial position, profitability

I. INTRODUCTION

The Indian Economy's nervous system and lifeblood are its banks. In an advance nation, banking is the backbone of the money market and plays a significant role in the economic development of the nation. To give a comprehensive picture of SBI's financial performance, the study will concentrate on important financial metrics such net interest margin, return on assets, nonperforming assets ratio, capital adequacy ratio, and operational efficiency, among others. According to Fortune Global 500, SBI is the 236th-largest firm in the world as of 2019. With a 23% market share in assistance in addition to a share of the overall loan and deposit market, it is the biggest bank in India.

OBJECTIVES OF THE STUDY

- To study the State Bank of India's financial development.
- To evaluate State Bank of India's profitability and liquidity..
- To study State Bank of India's performance in terms of market-based ratios and turnover.
- To provide conclusions and suggestions to improve State Bank of India's financial performance

II. LITERATURE REVIEW

Ms. D Maheshwari, Shree B (2023) conduct a study on financial performance of State Bank of India. This research supports SBI's efforts to improve its performance and standing in the market and assists investors in making well-informed decisions regarding bank stocks and bonds.

Ms. Ashwini.P (2020) a study on financial performance of State Bank of India -reference. The analysis reveals that SBI's profitability performance was inconsistent over the period under investigation.

Patel Bhaveshkumar k.(2020) a study on financial performance of State Bank of India. Studying SBI's profitability position and profitability performance is one of the paper's goals.

Nayana. N and Dr. Veena, K.P (2018) a study on financial performance of SBI Bank. The paper's data collected mostly based on secondary data obtained using a various tools.

Dr. G. Kanagavalli, R.Saroja Devi (2018)Ratio analysis is the most often used tool for examining the bank's financial statement. The management of banks can utilize ratio analysis to determine the reasons behind variations in their advances, income, deposits, expenses, profits, and profitability over time.

III. RESEARCH METHODOLOGY OF THE STUDY

The methodology of the study includes :

Sample Selection :

The sample of research provided from SBI bank.

Data Source :

The study is based on secondary data that has been collected from annual reports of the SBI banks, Newspapers, Magazines, Journals, Documents, Research papers, Websites and other published papers.

The Study Period For Data Analysis :

The study covers 5 years data for (2019-2023) at SBI Bank.

Tools Used For Analysis :

The descriptive analysis was done by using tables, graphs, ratio analysis and trend analysis.

IV. DATA ANALYSIS AND INTERPRETATION :

Current Ratio :

The Current Ratio, also known as the working capital ratio, measures the capability of a business to meet its short-term obligations that are due within years. The ratio considers the weight of total current assets versus total current liabilities. It indicates the financial health of a company and how it can maximize the liquidity of its current assets to settle debt and payables.

Current Ratio of State Bank of India

Period	Mar-2023	Mar-2022	Mar-2021	Mar-2020	Mar-2019
Current Ratio	0.537	0.864	0.943	0.888	0.907
Change	-37.86 %	-8.40 %	6.17 %	-2.02 %	11.25 %
Price	523.75	493.55	364.30	196.85	320.75
Price Change	6.12 %	35.48 %	85.06 %	-38.63 %	

Quick Ratio :

The Quick Ratio, also known as the acid-test ratio is a type of liquidity ratio, which measures the ability of a company to use its near – cash or quick assets to extinguish or retire its current liabilities immediately. It is defined as the ratio between quickly available or liquid assets and current liabilities. Quick assets are current assets that can presumably be quickly converted to cash at close to their book values.

Quick Ratio of State Bank of India

Period	Mar-2023	Mar-2022	Mar-2021	Mar-2020	Mar-2019
Quick Ratio	0	0.864	0.943	0.888	0.907
Change	0 %	-8.40 %	6.17 %	-2.02 %	11.26 %
Price	523.75	493.55	364.30	196.85	320.75
Price Change	6.12 %	35.48 %	85.06 %	-38.63 %	28.35 %

Debt- Equity Ratio:

Debt to Equity Ratio shows the relationship between the company’s total debt and total shareholders fund. And it indicates whether the company is financially healthy or not and the ability of a company’s shareholders’ equity to pay its debt obligations in a tough time. It signifies the long-term solvency position of the company. And debt to equity ratio is also known as the External-Internal Equity Ratio.

Debt to Equity Ratio of State Bank of India

Period	Mar-2023	Mar-2022	Mar-2021	Mar-2020	Mar-2019
Debt to Equity	1.40	1.47	1.57	1.33	1.76
Change	-4.63 %	-6.63 %	18.72 %	-24.85 %	-44.95 %
Price	523.75	493.55	364.30	196.85	320.75
Price Change	6.12 %	35.48 %	85.06 %	-38.63 %	

Turnover Ratio :

Inventory Turnover Ratio indicates how efficiently a company manages its inventory and how quickly it is converted into sales. In other words, it shows how many times a company has sold its inventory and replaced it in a given period. It is calculated as the cost of goods sold divided by average inventory. Inventory Turnover Ratio is also known as 'Stock Turnover Ratio' and 'Stock Velocity Ratio'.

Inventory Turnover Ratio of State Bank of India

Period	Mar-2023	Mar-2022	Mar-2021	Mar-2020	Mar-2019
Inventory Turnover Ratio	0	0	0	0	0
Change					
Price	523.75	493.55	364.30	196.85	320.75
Price Change	6.12 %	35.48 %	85.06 %	-38.63 %	28.35 %

Findings :

SBI has low current assets and a danger of not being able to pay short-term creditors, as seen by its current ratio and quick ratios, both of which are less than 1.

Better inventory management was indicated by an increase in the inventory turnover ratio in 2021–2022.

SBI's Debt to Equity Ratio increased in March 2021, but decrease in 2022 and 2023.

Suggestions :

Increase current assets to reduce the risk of not being able to pay short-term obligations by improving the current ratio and quick ratio.

It is better to look for a higher percentage of equity as instead of debt.

The profitability of SBI will be directly impacted by the performance.

V. CONCLUSION

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.

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