INTERNATIONAL JOURNAL FOR INNOVATIVE RESEARCH IN MULTIDISCIPLINARY FIELD ISSN: 2455-0620 Volume - 6, Issue - 4, Apr – 2020
Monthly, Peer-Reviewed, Refereed, Indexed Journal with IC Value: 86.87 Impact Factor: 6.497
Received Date: 08/04/2020 Acceptance Date: 19/04/2020 Publication Date: 30/04/2020

A STUDY ON FINANCIAL PERFORMANCE OF SBI BANK

PATEL BHAVESHKUMAR K.
Teacher, Gov. high secondary school,
Raygadh, Nizar, Tapi, Gujarat
Email - bkp2405@gmail.com

Abstract: *A bank is a financial Institution licensed to receive deposit and make loans. Banks may also provide financial services such as wealth management, currency, exchange and safe deposit boxes. There are two types of central bank, scheduled bank and non-scheduled bank. There are two types of Scheduled bank, commercial and co-operative and commercial bank are four types bank, private sector bank, public sector bank, foreign bank and regional bank. Then SBI are public sector bank. The global growth continued to remain sluggish in every year. Weaken business environment near stagnation in growth dynamics. The RBI pressures on banks profitability and suggest various methods to reduce the unsecured loans and advances, with changes in the social and economic objective of Indian commercial banks profitability of SBI group. It becomes extremely over and finds remedial measures to reduce the profitability in the value of current banking philosophy. The approach of policy makers towards profitability has changed, with the result that low profits have become a fact of life. Therefore, it is a time to concentrate on analyses of the profitability performance. The research presented was conducted at the SBI bank. The objectives of the paper are to study the profitability position and profitability performance of SBI. Five years of data were obtained in the presented research. Statistical tables, graphs and analyses ratios were used to analyses the information received. It was finally found that the SBI bank financial performance was good and the dividend payout ratio for the last two years has been seen in Nil. In-depth information in this regard is presented in the present research paper.*

Key Words: *Financial Performance, Liquidity Ratios, Solvency Ratios, Profitability Ratios, Graphs and Ratio analysis.*

1. INTRODUCTION:

The banking sector is the life blood of and modern economy. It is one of the important financial basements of the financial sector, which plays a main role in the functioning of an economy. It is very important for economic development of a country that it's financing requirements of trade, industry and agriculture are met with higher degree of commitment and responsibility. There are two types of central bank, scheduled bank and non-scheduled bank. There are two types of Scheduled bank, commercial and co-operative and commercial bank are four types bank, private sector bank, public sector bank, foreign bank and regional bank. The SBI is an Indian multinational, public sector banking and financial services statutory body. It is a government corporation statutory body headquartered in Mumbai, Maharashtra. SBI is ranked as 236th in the fortune global 500 list of the world's biggest corporations of 2019. It is the largest bank in India with a 23% market share in assists, besides a share of one-fourth of the total loan and deposits market. The bank descends from the bank of Calcutta, founded in 1806, via the Imperial bank of India, making it the oldest commercial bank in the Indian subcontinent. The bank madras merged into the other two "presidency banks" in British India, the bank of Calcutta and bank of Bombay, to form the Imperial bank of India, which in turn became the SBI is 1955. The government of India in 1955, with reserve bank of India taking a 60% stake, renaming it the SBI. In 1959, the government passed the state bank of India act. The government integrated these banks into the SBI system to expand its rural outreach. In 1963 SBI merged stat bank of Jaipur and state bank of Bikaner and 13 August 2008 when state bank of saurashtra merged with SBI. On 7 October 2013 Arundhati Bhattacharya become the first women to be appointed chairperson of the bank. Following a merger process, the merger of the 5 remaining associate banks, and the with the SBI was given an in-principle approval by the union cabinet on 15 June 2016. In making those risk assessments, the management has implemented such internal controls that are relevant to the preparation of the financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities to the bank is effective. Researcher conducted the research to find out what the current financial situation of the profitability position and profitability performance SBI bank

1.1. Review of Literature:

1.1.1. Baral (2005), study the **"Performance of Joint Ventures banks in Nepal by Applying the Camel Modal."** The study was mainly based on secondary data drawn from the annual reports published by joint venture banks. The report analyses the financial health of joint ventures banks in the camel parameters. The findings of the study revealed that the financial health of joint ventures is more effective than that of commercial banks. Moreover, the components

of camel showed that the financial health of joint venture banks was not difficult to manage the possible impact to their balance sheet on a large scale basis without any constraints inflicted to the financial health.

1.1.2. Chaudhary Kajal, Sharma Monica (2011), in their study **"Performance of Indian Public Sector Bank and Private Sector Banks"**, have dealt with private and public sector banks. The economic reforms in early 90s but their outcome is visible only now. Major changes took place in the functioning of banks is India only after liberalization, globalization and privatization. This study is an attempt by the authors to analyses how efficiently public and private sector banks have been managing their NPAs.

1.1.3. Nagarkar Jivan Jayanti (2015), in his study "**Analysis of Financial Performance of Bank in India",** has attempted to analyses the performance of 5 major public, private and foreign sector banks. This paper is an attempt to find out, how banks have performed on financial parameters during the last 5 years compared to high growth year Rs. Financial performance of banks is compared in 2 time periods: (1) High growth years of 2004-08, (2) Low growth years of 2009-13.

1.1.4. Singh and Tandon (2012), in their paper entitled, "**A Study of Financial Performance: A Comparative Analysis of SBI and ICICI Bank"**, judged the financial performance of SBI and ICICI bank, public and private sector respectively. For the study, researchers have taken the variables like credit deposit and net profit margin etc. The period if study taken is from the year 2007-08 to 2011-12. It was found that SBI is performing well and financially sound than ICICI bank but in context of deposits and expenditure ICICI bank has better management efficiency than SBI.

1.2. Objectives of the Study:

- To find out the profitability of SBI bank, study the profitability ratios.
- To study liquidity ratios to measure the financial viability of SBI bank.
- To study solvency ratios to measure the financial health of SBI bank.
- To offer finding and suggestions to enhance the financial performance of SBI bank.

Liquidity Ratios: current ratio, quick ratio

Solvency Ratios: Debt-equity ratio, Total assets to debt ratio, Proprietary to total assets ratio, Interest Coverage Ratio

Profitability Ratios: Net Profit Ratio, Operating Ratio, Operating Profit Ratio, Dividend Payout Ratio, Return on, Average Assets Ratio, Return on Equity Ratio, Expenses to Income Ratio, Earnings Per (share), Divided Per (share)

2. Research Methodology:

2.1. Method of the study:

The research presented in of type of person studied.

2.2. Sample selection:

The sample of research presented is SBI BANK.

2.3. Data Sources:

The 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

2.4. The study period for data analysis:

The study covers 5year data for 2014-15 to 2018-19 in SBI BANK.

2.5. Tools used in analysis:

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

2.6. Limitations of the study:

- The present study is based on secondary source of information
- The data has been arranged as per their own requirements.
- The present study covers the period of 5 years only.
- This study covers SBI BANK only.

3. Data Analysis and Interpretation:

The analysis and interpretation of the information obtained presented research are as follows. (5.1) current ratio:

Table 1. Current ratio

YEAR	CR RATIO
2014-15	0.31
2015-16	0.33
2016-17	0.37
2017-18	0.39
2018-19	0.33

It is calculated by dividing the current assets by current liabilities. It measures the short-term financial condition of the bank. The purpose of this current ratio is to give the bank the ability to pay off its short-term debt. This ratio is considered desirable in the ratio of 2:1 From the Above table and graph, it is clear that current ratio is the highest in 2017-18 and lowest in 2014-15. Current ratio was not observed in 2:1 during any year.

3.1. Quick Ratio:

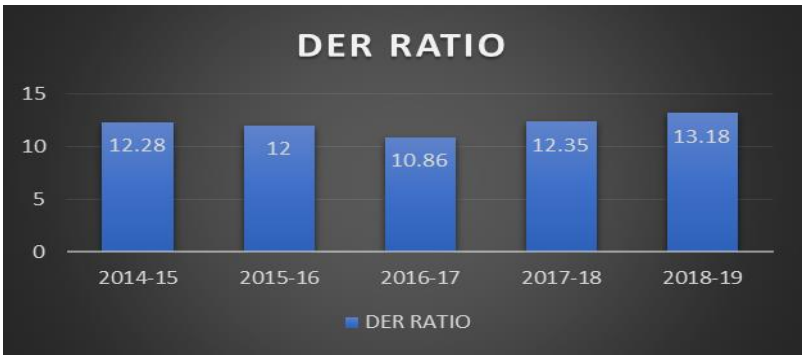
Table 2. Quick Ratio:

YEAR	Quick Ratio
2014-15	18.06
2015-16	13.83
2016-17	11.94
2017-18	10.89
2018-19	11.02

It is calculated by dividing the quick assets by current liabilities. It measures the short-term financial condition of the bank. This ratio is considered desirable in the ratio of 1:1.From the Above table and graph, it is clear that current ratio is the highest in 2014-15 and lowest in 2017-18. Each year the quick ratio was observed in the ratio of 1:1.

3.2. Debt-equity ratio:

Table 3. Debt-equity ratio YEAR	DER RATIO
2014-15	12.28
2015-16	12
2016-17	10.86
2017-18	12.35
2018-19	13.18

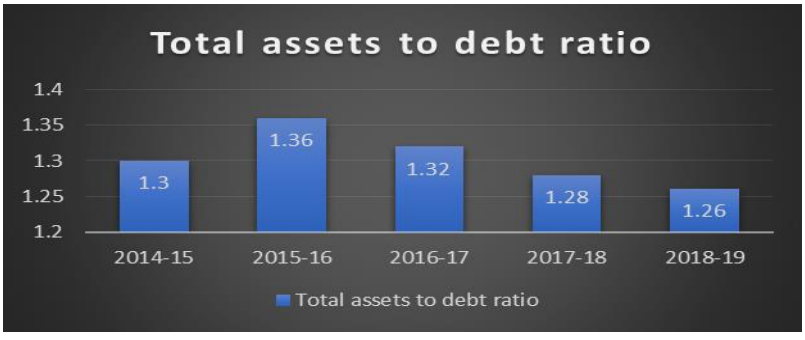


These ratios show the relationship between long-term debt and shareholder funds. The ratio of equity to debt is known by this ratio. From the Above table and graph, it is clear that debt-equity ratio is the highest in 2018-19 and lowest in 2016-17. Debt-equity ratios show the shareholder funds are higher than long term debt each year.

3.3. Total assets to debt ratio:

Table 4. Total assets to debt ratio

YEAR	Total assets to debt ratio
2014-15	1.30
2015-16	1.36
2016-17	1.32
2017-18	1.28
2018-19	1.26

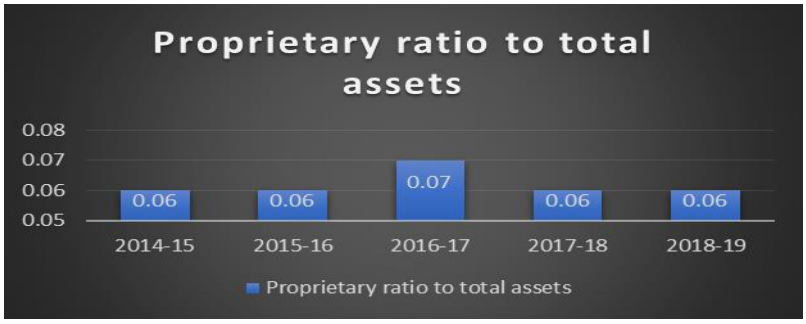


Total assets to debt ratio show the relationship between total assets and non-current debt. Find out how much of the total property has been raised through debt. From the Above table and graph, it is clear that total assets to debt ratio is the highest in 2015-16 and lowest in 2018-19. As well as total assets to debt ratio shows, there has been a steady decline from 2015-16.

3.4. Proprietary to total assets ratio:

Table 5. Proprietary ratio to total assets:

YEAR	Proprietary ratio to total assets
2014-15	0.06
2015-16	0.06
2016-17	0.07
2017-18	0.06
2018-19	0.06



From the Above table and graph, it is clear that total assets to debt ratio is the highest in 2016-17. Proprietary to total assets ratios were seen the same throughout the rest of the year. It is clear from Proprietary to assets ratios that the total assets and shareholders' funds were seen in the same proportion.

3.5. Interest Coverage Ratio:

Table 6. Interest Coverage Ratio

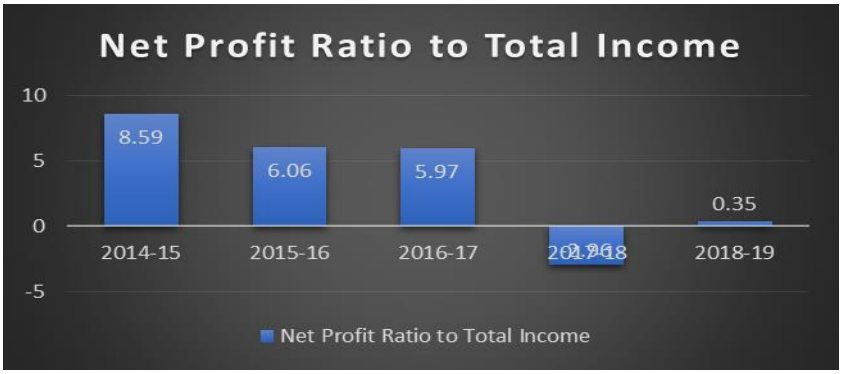
YEAR	ICR RATIO
2014-15	0.35
2015-16	0.24
2016-17	0.24
2017-18	- 21
2018-19	0.02

Interest coverage ratio show the relationship between interest and profit before tax and interest on long-term debt. This ratio is used to check out the interest payment parity. From the Above table and graph, it is clear that total assets to debt ratio is the highest in 2014-15. And in the Interest Coverage Ratio year 2017-18 debt was seen.

3.6. Net Profit Ratio to Total Income:

Table 7. Net Profit Ratio to Total Income

YEAR	Net Profit Ratio to Total Income
2014-15	8.59
2015-16	6.06
2016-17	5.97
2017-18	-2.96
2018-19	0.35

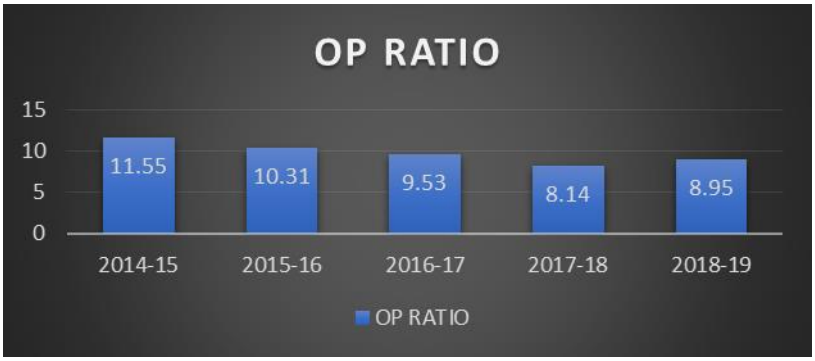


Through net profit ratio, the bank can find out about its overall profitability. From the Above table and graph, it is clear that Net Profit ratio is the highest in 2014-15. And in the Net Profit Ratio to Total Income Ratio year 2017-18 debt was seen. Comparing net profit ratio to total income, it seems obvious that this ratio is decreasing every year.

3.7. Operating Ratio:

Table 8. Operation Ratio

YEAR	OP RATIO
2014-15	11.55
2015-16	10.31
2016-17	9.53
2017-18	8.14
2018-19	8.95



From the Above table and graph, it is clear that Operating ratio is the highest in 2017-18 and lowest in 2014-15. Operating ratios reveal that operations and sales expenses were found to be in control and operating ratio were seen on average every year.

3.8. Operating Profit Ratio:

Table 9. Operation Profit Ratio

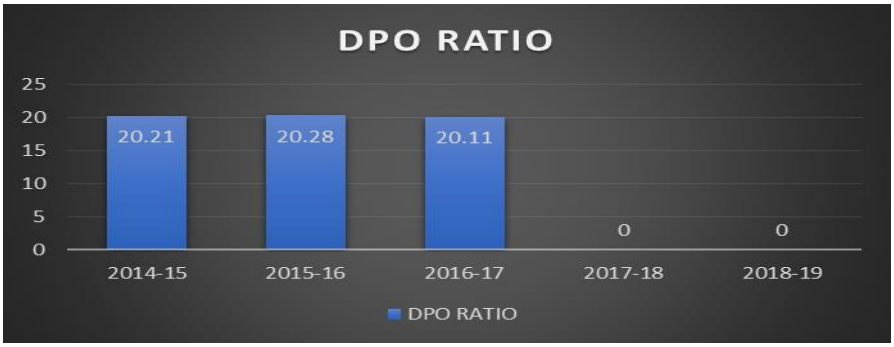
YEAR	OP. PROFIT RATIO
2014-15	-6.21
2015-16	-10.91
2016-17	-14.23
2017-18	-23.19
2018-19	-14.14

The operating profit ratio can be ascertained how much profit the bank made from its operations. From the Above table and graph, it is clear that Operating Profit Ratio Residence showed a negative debt every year.

3.9. Dividend Payout Ratio:

Table 10. Dividend Payout Ratio:

YEAR	Dividend Payout Ratio
2014-15	20.21
2015-16	20.28
2016-17	20.11
2017-18	NIL
2018-19	NIL

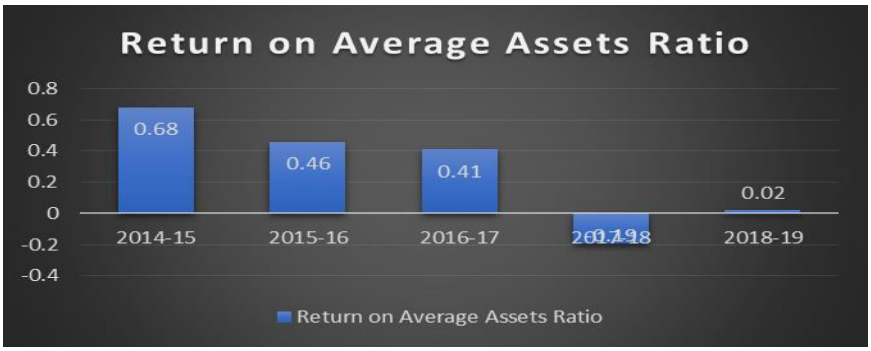


From the Above table and graph, it is clear that Dividend payout ratio is the highest in 2015-16 and Nil was spotted during 2017-18 and 2018-19. Dividend payout ratio was used to find shares on dividend and shares on Earning.

3.10. Return on Average Assets Ratio:

Table 11. Return on Average Assets Ratio

YEAR	Return on Average Assets Ratio
2014-15	0.68
2015-16	0.46
2016-17	0.41
2017-18	-0.19
2018-19	0.02

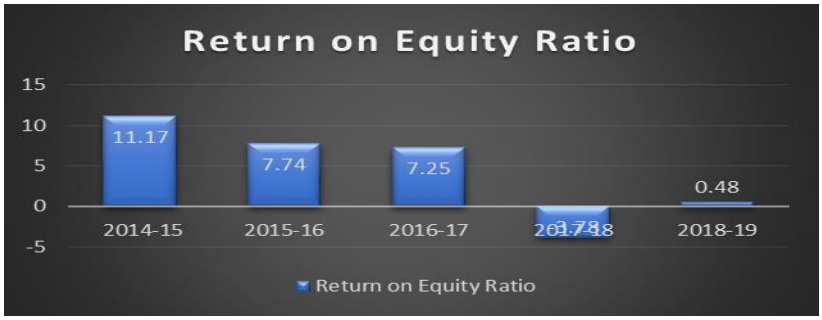


From the Above table and graph, it is clear that Return on average assets ratio is the highest in 2014-15 and lowest in 2017-18. It is clear that Return on average assets ratio is decreasing every year.

3.11. Return on Equity Ratio:

Table 12. Return on Equity Ratio:

YEAR	Return on Equity Ratio
2014-15	11.17
2015-16	7.74
2016-17	7.25
2017-18	-3.78
2018-19	0.48

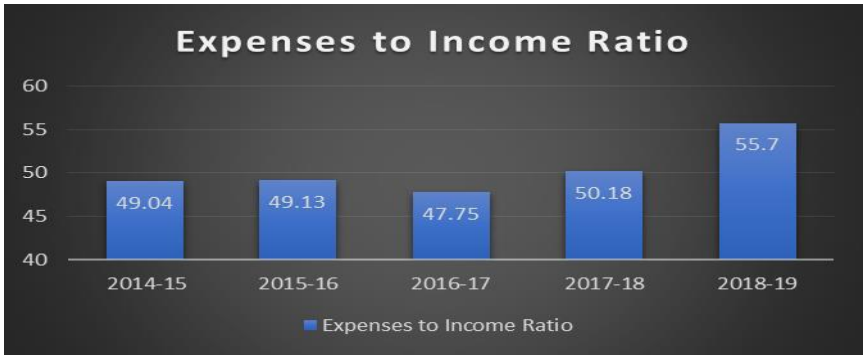


From the Above table and graph, it is clear that Return on equity ratio is the highest in 2014-15 and lowest in 2017-18. It is clear that Return on ratio is decreasing every year.

3.12. Expenses to Income Ratio:

Table 13. Expenses to Income Ratio:

YEAR	Expenses to Income Ratio
2014-15	49.04
2015-16	49.13
2016-17	47.75
2017-18	50.18
2018-19	55.70



From the Above table and graph, it is clear that Expenses to Income ratio is the highest in 2018-19 and lowest in 2016-17 and 2016-17 has seen steady growth.

3.13. Earnings Per (share):

Table 14. Earnings Per (share):

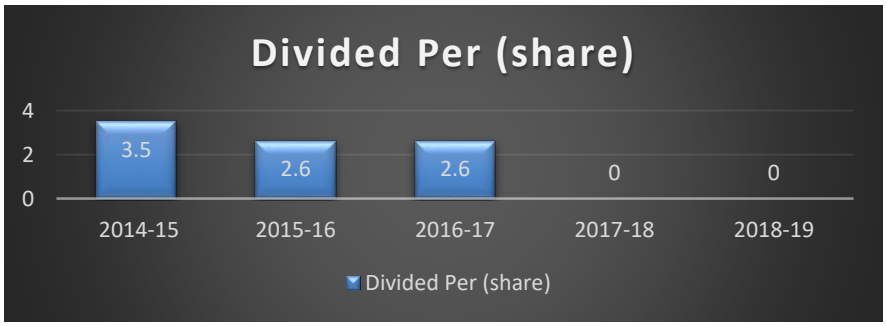
YEAR	Earnings Per (share)
2014-15	17.55
2015-16	12.98
2016-17	13.43
2017-18	-7.67
2018-19	0.97

From the Above table and graph, it is clear that Earning per share is the highest in 2014-15 and lowest in 2017-18 and it is clear that since the year 2014-15, it has seen a steady decline.

3.14. Divided Per (share):

Table 15. Divided Per (share):

YEAR	Divided Per (share)
2014-15	3.5
2015-16	2.60
2016-17	2.60
2017-18	Nil
2018-19	Nil



From the Above table and graph, it is clear that Divided per share is the highest in 2014-15 and it is clear that there has been a steady decline since 2014-15. As well as share nil was seen on dividends during 2017-18 and 2018-19

4. RESULTS:

The findings of the research presented are as follows.

- The current ratio of the bank was not seen is 2:1proportion during a year but it was done in the proportion of per year. Therefore, SBI bank has the ability to pay off short-term debt.
- debt equity was found to be low so it can be said that SBI bank borrowed capital on less than ownership funds.
- It is clear from as the Total assets to debt ratio is high that lending is not risky for lenders.
- Proprietary to total assets ratio was low so most of the properties were borrowed capita.
- The interest coverage ratio of 2017-18 shows that SBI bank failed to pay borrowed capital interest during that 2017-18 year.
- The net profit ratio has cleared the overall profitability position after 2017-18 was poor.
- The return on equity was receiving very little since the year of 2017-18.
- Share on dividend was declared at a maximum of Rs.3.5 in year 2014-15 and not been declared on dividend since 2017-18. The main reason is the lower net profit.
- Payment of shares on dividends was not made after the year of 2017-18

4.1. Suggestions:

Following are the guidelines provided by the researcher in the research presented.

- current ratio 2:1 should come in such a way that it can maintain its ability to pay off short-term debt.
- One should try to increase the proportion of equity rather than debt.
- To reduce the risk for lenders, the total assets to debt ratio should be taken higher.
- Interest coverage ratio should be taken high to increase the ability to pay interest.
- Efforts should be made to increase the overall profitability of the SBI bank.
- Shares on the dividend and shares on the earning should be tried every year.

5. CONCLUSIONS:

The research presented sought to know the financial profitability, financial viability and financial health of SBI bank. For that, the Current Ratio, Quick Ratio, Debt Equity Ratio, Debt Ratio, Proprietary Ratio, Interest coverage Ratio, Net profit ratio and dividend payout Ratio was explored. Table, graphs, ratio analysis and trend analysis were used to analysis and interpret the information obtained. It was finally learned that SBI bank's financial performance good dividend payout ratio nil to2017-18 to 218-19 due to lower net profit ratio.

REFERENCES:

1. Baral (2005), "Performance of Joint Ventures banks in Nepal by Applying the Camel Modal." Journal
2. of Innovation Management and Technology.
3. Chaudhary Kajal, Sharma Monica (2011), "Performance of Indian Public Sector Bank and Private
4. Sector Banks", Journal of Innovation Management and Technology.
5. Klaus, K. (2004). Content Analysis, Introduction to its Methodology. USA: Sage publications.
6. Lal, Brindavan, (2002). Research Methodology. ADB Publisher: Jaipur
7. Nagarkar, Jivan Jayanti (2015), "Analysis of Financial Performance of Bank in India", Annual Journal of
8. Symbiosis Centre for Management Studies
9. Patel, R.S. (2008) "Statically method for education research". Ahmedabad: jay publication.
10. Patel, R.S. (2009) Statically tables. (first edition) Ahmedabad: jay publication.
11. Patel M.N. and other (2016), STD-12 Statistics: Gandhinagar, Gujarat state school textbook board.
12. Sardar H.C. and other (2016), STD-12 Elements of Account: Gandhinagar, Gujarat state school textbook
13. board.
14. Singh and Tandon (2012), "A Study of Financial Performance: A Comparative Analysis of SBI and
15. ICICI Bank", Journal of Marketing, Financial Services & Management Research.

Website:

- www.SBIbank.org.in
- https://en.wikipedia.org/wiki/SBIbank