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## A Study On Financial Performance Of State Bank Of India

<sup>1</sup>Dr. R. Mayilsamy <sup>2</sup>Mr. Srilakshman. M

<sup>1</sup>Associate Professor in Department of Commerce with Professional Accounting, Dr. N.G.P. Arts and Science College, Coimbatore, Tamilnadu, India

<sup>2</sup>Student in Department of Commerce with Professional Accounting, Dr. N.G.P. Arts and Science College, Coimbatore, Tamilnadu, India

**Abstract :** The study centers on the performance of the State Bank of India (SBI) on its financial performance relative to the most significant parameters of profitability, liquidity, and the solvency ratio. From the information presented through annual reports and financial statements, the study analyzes the performance of SBI on values of ratios such as Current Ratio (CR), Quick Ratio (QR), Non-Performing Assets (NPA), and Interest Coverage Ratio (ICR). The outcome is an indication of the well-being and development of SBI and ongoing issues with nonperforming assets. The report suggests towards greater financial efficiency as well as performance. **Keywords :** Public Sector Banks, Profitability Analysis, Ratio Analysis

### I. INTRODUCTION

Financial analysis is the process of evaluating a company's financial performance and health by examining its financial statements, such as the balance sheet, income statement, and cash flow statement. The goal is to assess factors like profitability, liquidity, solvency, and operational efficiency to help make informed business decisions. In conclusion, financial performance analysis, through the use of financial statements and ratios, provides a comprehensive view of an organization's financial health and performance. By comparing the company's performance to industry standards, forecasting future outcomes, and identifying areas for improvement, businesses can make informed decisions that drive growth, stability, and profitability. The process also plays a vital role in helping investors, creditors, and other stakeholders assess the potential risks and rewards associated with the company.

## II. STATEMENT OF THE PROBLEM

Liquidity is the ability of an organization to meet its financial obligation during the short-term and to maintain longterm debt-paying ability. The long-term survival depends on satisfactory income earned by it. A sound liquidity leads to better profitability, and it turn reduces the probability of default risk in the future. Further, risk and return are very important aspects to be considered while making any decision regarding a company's finances.

## SCOPE OF THE STUDY

The present study relates to the financial performance of the State Bank of India. It is designed to analyze the financial performance of the State Bank of India. The study is based on the annual reports of the company for the period of 5 years 2019-2020 to 2023-2024. It includes liquidity, profitability based ration performance of the State Bank of India.

## OBJECTIVES

- To analyze the financial performance of SBI
- To compare key financial indicators such as liquidity, profitability performance of SBI

## III. RESEARCH METHODOLOGY

### PERIOD OF THE STUDY

The study has been undergone for the period of 5 years (2020 – 2024)

### TOOLS FOR ANALYSIS

The ratios are, Liquidity ratio, Profitability ratios & Solvency ratio.

## IV. ANALYSIS AND INTERPRETATION

**TABLE 1 CURRENT RATIO ON SBI (2020-2024)**

YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
2019-2020	2,51,097	37,19,387	0.0675
2020-2021	3,43,039	42,80,555	0.0801
2021-2022	3,94,552	46,97,509	0.0839
2022-2023	3,07,900	51,89,370	0.0593
2023-2024	3,10,802	58,02,448	0.0536

## INTERPRETATION

The current ratio of SBI is below 1, which is standard for banks. As banks need deposits for funding, they cannot keep large current assets like non-financial companies do. The nature of banking operations can be

seen in SBI's low current ratio, that does not indicate financial issues. The current ratio decreased in 2023–2024 while rising in 2022 (0.0839). In 2022 has a higher ratio & was an effective year for liquidity. The ratio declined start in 2023, showing that SBI's current liabilities primarily deposits grew quicker than its current assets.

**TABLE 2 QUICK RATIO ON SBI (2020-2024)**

YEAR	QUICK ASSET	CURRENT LIABILITY	QUICK RATIO
2019-2020	47,11,47	53,09,834	17.05
2020-2021	41,44,855	46,30,841	16.56
2021-2022	39,87,915	42,29,845	14.49
2022-2023	34,75,705	37,32,917	14.11
2023-2024	29,54,959	32,37,598	15.17

### INTERPRETATION

From 2019-20 to 2021-22, SBI's Quick Ratio decreased from 17.05 to 14.49, indicating decline in the liquidity position of the bank for these years. During 2022-23, The ratio decreased marginally to 14.11, indicating further, albeit, decline in liquidity. During 2023-24, There was a rise, and the Quick Ratio rose to 15.17, which indicates improved liquidity.

**TABLE 3 NET PROFIT RATIO ON SBI (2020-2024)**

YEAR	NET PROFIT	TOTAL REVENUE	NET PROFIT RATIO
2019-2020	14,488	143,306	10.11
2020-2021	20410	154,206	13.23
2021-2022	31676	161,272	19.64
2022-2023	50,232	181,456	27.68
2023-2024	61,077	211,558	28.87

### INTERPRETATION

In 2019-20, SBI's NPR was 10.11% and had a net profit of ₹14,488 crore over a total operating income of ₹143,306 Crores. In 2020-21 the NPR had risen to 13.23%, depicting enhanced profitability. In 2021-22, pronounced increase in NPR to 19.64% reflects improved operational efficiency as well as profit growth. On

2022-23 the NPR again increased to 27.68%, exhibiting healthy financial performance. In 2023-24, The trend remained upward with an NPR of 28.87%, the highest profitability during the period observed.

**TABLE 4 INTEREST COVERAGE RATIO ON SBI (2020-2024)**

YEAR	EBIT	INTEREST EXPENSE	ICR
2019-2020	68,133	159,239	0.43
2020-2021	71,554	154,441	0.46
2021-2022	75,292	154,750	0.49
2022-2023	83,713	187,263	0.45
2023-2024	93,797	255,255	0.37

## INTERPRETATION

SBI interest cost has increased dramatically, especially from ₹159,239 crore for 2019-20 to ₹255,255 crore in 2023-24. Operating profit (EBIT) has also picked up, though the increase in interest cost was higher than the increase in EBIT. This has resulted in a fall in the ICR from 0.43 during 2019-20 to 0.37 during 2023-24.

## V. FINDINGS

SBI's financial analysis shows its excellent liquidity, reflected in healthy Current and Quick Ratios, leaving scope for better working capital management. Profitability has been firm, with a steady increase in Return on Investment and Net Profit Ratio, indicative of good revenue generation and control over costs. Although Non-Performing Assets (NPAs) are a concern, recent declines following prompt interventions have lessened the risk. The bank has a sound capital structure with healthy Debt-Equity and Debt-to-Assets Ratios, and steady growth in leverage demonstrates efficient debt management.

## VI. SUGGESTIONS

To improve SBI's financial performance, the following recommendations are made: enhance liquidity management to avoid short-term issues, reduce NPAs through better credit risk assessment and recovery systems, boost profitability by increasing operating efficiency, cost savings, and diversifying revenue streams, optimize debt management to maintain a healthy capital structure and minimize financial risk, and leverage digital banking to improve customer interaction, business effectiveness, and reduce costs.

## VII. CONCLUSION

The report identifies SBI's robust liquidity, profitability, and asset management. Strategic interventions for managing NPAs and leverage are required. These measures will enable SBI to further consolidate its position

in the Indian banking sector, and innovation, digitalization, and risk management will be the drivers of its long-term growth and financial health.

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