A COMPARATIVE ANALYSIS OF PERFORMANCE INDICATORS OF STATE BANK OF INDIA

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Abstract:

Banks play very important roles in the economic development of nations as they, to a large extent, have wield control over the supply of money in circulation and are the main stimuli of economic progress. But the pandemic-19 has badly reverberated across economic & financial market & badly effected economic activities across the world. Indian economy was also witness of gigantic economic losses including service sectors. Indian public sector banks also have taken a big hit & its full impact was seen in the same as well as next financial years. This study examines how the Covid-19 outbreak impacts on the performance of State Banks of India before & after pandemic while bank changed its operational strategy.

The objective of this study was, to compare the financial performance of State Bank of India in before pandemic & after pandemic-19 and also to identify the key indicator of State Bank in which SBI performance are better or poor after pandemic-19. The present research is fully based on secondary data that was collected from the financial & Annual report of State Bank of India from the period of 2018-2022 & conclusion is made on the basis of only it. Paired t-test is used for analysis. After the analysis, it can be concluded that Net Interest Income& Total Investment has shown significance change after covid and have positive contribution in bank performance during pandemic period.

Introduction:

Banks play very important roles in the economic development of nations as they, to a large extent, have wield control over the economic progress. But the pandemic-19 has badly reverberated across economic & financial market & badly effected economic activities across the world. Indian economy was also witness of gigantic economic losses including service sectors.Indian public sector banks also have taken a big hit & its full impact was seen in the same as well as next financial years.

Taking the corrective measures in this adverse situation,country leading bank State bank of India has upgraded its existing operational policies, as its gear-up to adjust to the new challenges posed by Covid-19. For example, Business continuity hub branches have been identified to cater to customers in case of emergency and BCP sites identified to support essential backend services, its said.

This study examines how the Covid-19 outbreak impacts on the performance of State Banks of India before & after pandemic while bank changed its operational strategy.

The term bank performance means the adoption of a set of indicators which are indicative of the banks current status and the extent of its ability to achieve the desired objectives.

In order to ensure a healthy financial system and an efficient economy, banks must be carefully evaluated and analysed. There are many other reasons also to evaluate the performance of banks like- to determine their operational results and their overall financial conditions; to measure their assets quality, management quality, efficiency, achievement of their objectives as well as ascertain their earning quality, liquidity, capital adequacy and level of bank services.

In short banks play an important role in driving a country economic progress and running the financial sector. Its important role within the Indian Money Market as they're the largest supplier of credit and attract most of their savings from the people.

OBJECTIVES:

1.To compare the financial performance of State Bank of India before pandemic & after pandemic-19.

2.To identify the key indicator of State Bank in which SBI performance was improved or reduced after pandemic-19.

LITERATURE REVIEW:

Sagarika Mohanty (2021) has done the study on Comparative Banks in India during 2016-17 to 2020-21. The descriptive statistics (T-Test) indicates that there is a significance difference between overall performances of selected banks in India by analysing key performance parameters from 2016-17 to 2020-21. Hence, from the study it is cleared that Indian Overseas Bank has good liquidity position over the last 5 years as compare to liquidity ratio except Certificate Deposit Percentage and capital Adequacy Ratio

Jyotirmoyee Koley (2019) has done the analysis of financial position and performance of public and private sector banks in India: A comparative study on SBI and HDFC Bank. She has used CAMEL Model with T-test. According to her study it was found that HDFC Bank is quite better than SBI on the basis of profitability position, liquidity condition and management efficiency

Subalakshmi1, S. Raja Lakshmi and M. Manikandan (2018) have done this study on Financial Ratio analysis of State Bank of India. After analysis it was concluded that banks concentrated on their financial performance analysis and attempted to structure their portfolios in order to maximize their return.

RESEARCH METHODOLOGY:

Source of Data: The study is based on secondary data that has been collected from annual reports of the SBI, Money control & RBI reports.

Period of Study: Study is done for 4 years from Financial Year 2018-19 to 2021-2022.

Hypothesis: From the above objective, following hypothesis are formulated to test the financial performance of SBI bank.

H0-There is a no significant difference between performance of SBI before pandemic & after pandemic-19

H1- There is significant difference between performance of SBI before pandemic & after pandemic-19

STATISTICAL TOOLS:

- Mean has been calculated to know the average financial performance & to know the stability in the performance of State bank of India after pandemic in 2022.

- Paired T-test also used to analysis the significance performance of State bank of India.

- Paired T-test used with the help of SPSS.

DATA ANALYSIS & INTERPRETATION:

The data is analysed on the basis of Total Deposit, Total Investment, Net Income Interest, Staff Expenses, Total Operating Expenses, and Net Profit given in Table- 1

Table-1								
Significance Test of Financial Performance of State Bank of India from 2018-2022								
Paired Sample t Test								
Performance Indicators	Paired Differences					t	d f	Sig. (2-tailed)
	Mean	Std. Deviation	Std.Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1	Total Deposit before & after Covid	-466951	485021.51	342962	-4824696.39	3890794.39	-1.362	1	0.403

Pair		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig.
Pair 2	Total Advances before & after Covid	-336149	102570.08	72528	-1257704.62	585406.61	-4.635	1	0.135
Pair 3	Total Investment before & after covid	-409587	35218.87	24903.5	-726015.47	-93157.53	-16.45	1	0.039
Pair 4	Total Asset before-after Covid	-944859.5	129179.2	91343.5	-2105488.7	215769.7	-10.34	1	0.061
Pair 5	Total Interest Income before & after Covid	-20208	2933.79	2074.5	-46567	6151.52	-9.741	1	0.065
Pair 6	Total Interest Expenses before-after Covid	2284	3118.34	2205	-25733	30301.2	1.036	1	0.489
Pair 7	Net Interest Income before-after Covid	-22492	185.262	131	-24157	-20827	-171.6	1	0.004
Pair 8	Non-Interest Income before-after Covid	-1032	8045.46	5689	-73318	71253.6	-0.181	1	0.886
Pair 9	Total Operating Income before-after Covid	-23524	7860.2	5558	-94145	47097.1	-4.232	1	0.148
Pair 10	Total Staff Expenses before-	-7155	3855.15	2726	-41792	27482.1	-2.625	1	0.232

	after Covid							
Pair 11	Overhead Expenses before-after Covid	-4730	2329.21	1647	-25657	16197.1	-2.872	1	0.213
Pair 12	Total Operating Expenses before-after Covid	-11885	1526.64	1079.5	-25601	1831.85	-11	1	0.058
Pair 13	Total Operating Profit before-after Covid	-11639	6334.97	4479.5	-68556	45278.9	-2.598	1	0.234
Pair 14	Total Provisions before-after Covid	9188	11680	8259	-95753	114129	1.112	1	0.466
Pair 15	Net Profit before-after Covid	-2530	24067.1	17018	-218764	213704	-0.149	1	0.906

INTERPRETATION:

- **Pair-1-Total Deposits**: While comparing the total deposit there is no significance change in the total deposit of SBI during after covid (Paired Mean -466951.00, SD- 485021.511779, SE 342962.) t (1) – 1362 P>.05.

- **Pair-3-Total Investment:** While comparing the total Investment before covid & very next year of Covid there is significance change was observed. (Paired Mean --409586.50 SD:35218.86745 SE:24903.50 t (3) -16.447 P<.05

- **Pair-4-Total Assets**: After comparing the total Asset value it is observed that there is no significance change in total asset after covid (Paired Mean --20207.50000, SD- 2933.78604, SE=2074.50) t (4)-9.741) P>.05.

- **Pair-5-Interest Income**: While comparing the interest Income it can be observed that there is no significance change after covid. (Paired Mean --20207.50000, SD- 2933.78604, SE=2074.50000) t (5) -9.741) P>.05.

- **Pair-6-Interest Expenses**: It is also observed that in IE also no significance change (Paired Mean --2284.00000, SD- 3118.34091, SE=2205.00000) t (6) 1.036) P>.05.

- **Pair-7-Net Interest Income**: While comparing the data as per table in Net interest Income there is significance change after covid (Paired Mean ---22492.0, SD- 185.26198, SE=131.0) t (7) -171.695 P<.005.

- **Pair-8-Non-Interest Income**: On average as per the analysis there is no significance change in NII (Paired Mean --20207.50000, SD-2933.78604, SE=2047.50000) t (8) -9.741) P>.05.

- **Pair-12-Total Operating Expenses**: It is also observed that in TOE also no significance change (Paired Mean ---23524.00000, SD-7860.19898, SE=5558.00000) t (1) (-4232) P>.05.

- **Pair-14-Operating Profit**: It is also observed that in OP also no significance change (Paired Mean --11638.50000, SD- 6334.96965, SE=4479.50000) t (13)- -2.598) P>.05.

- **Pair-15-Net Profit**: It is also observed that in NP also has no significance change (Paired Mean --2530.00000-, SD-24067.08640, SE=17018.00000) t (15) .149 P>.05.

FINDINGS:

- As per the analysis of 15 component of SBI bank before covid & after cpvid followings findings are there:

- There is no significant contribution of total deposit in SBI after the next covid year. Only constant growth was observed. While there is a significant change in total investment, as initially in starting of covid total investment decreases near about 8%. In reference to Total Asset

& Interest Income both components contribution was on an average constant.

- While comparing the Net Interest Income before covid & after covid on an average 60% growth was observed but in the same period no significant contribution was observed in Non-Interest Income.
- According to the analysis it is found that no significance change has been observed in TOI & OP. Normal change observed.

CONCLUSION:

The above study articulates that there are only two component Net Interest Income & Total Investment has shown significance change after covid. These factors have positive contribution in bank performance during pandemic period & Immediate next year of pandemic. Investment increases by 514,423 Cr. during from 2019 to 2022. While NII increases by 32,359 Cr from 2019 to 2022.

On the basis of comparisons of net profit, it is observed that instead of good investment & better performance of NII, there is no significance change in other factors after covid. As normal growth were observed that was negative in year of 2017-18. Including the interest income performance, it is observed that progress in Net Profit was very slow. Only 32588Cr, was increased. Due to Nominal change in interest expenses NII shows significant change.

On the basis of above finding, it is concluded that Alternative hypothesis is rejected & Null hypothesis is accepted. It indicates that there is no significance change in performance of other factors after covid in financial year 2021-22,accept Total Investment and Net Interest Income.

LIMITATION & FUTURE SCOPE OF STUDY:

The present research is fully based on secondary data & conclusion made the on the basis of only it. Secondary data was collected from the financial & Annual report of State Bank of India from the period of 2018-2022. In this paper use of statistical concept is very limited.
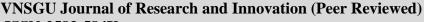
This research will help the bank to understand the performance indicator & their contribution in SBI net profit. By using this concept performance analysis of other banks also can done.

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