A MINI PROJECT REPORT

ON

"IMPACT OF SBI AND ITS ASSOCIATES ON THE FINANCIAL CONDITIONS OF SBI"

MINI PROJECT SUBMITTED IN FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

FROM

BENGALURU CITY UNIVERSITY

SUBMITTED BY

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AFFILIATED TO BENGALURU CITY UNIVERSITY

(2021-2022)

CERTIFICATE OF INSTITUTION

This is to certify that this Project entitled **Impact of SBI and its Associates on the Financial Conditions of SBI** has been successfully completed by **Shaik Safiulla** of Reg. No. **MB206250** during the year **2021-22** and the report is submitted in partial fulfillment of the requirements for the award of the degree of **Master of Business Administration** as prescribed by the **Bengaluru City University** under the guidance of **Dr. Y. V. Sheshadri**.

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STUDENT DECLARATION

I hereby declare that the Project Report entitled **Impact of SBI and its Associates on the Financial Conditions of SBI** has been prepared by me under the supervision and guidance of **Dr. Y. V. Sheshadri**, during the year **2021-22** in a partial fulfillment of the university regulations for the award of the degree of **Master of Business Administration** by **Bengaluru City University**.

I further declare that this project is based on the original study undertaken by me and has not been submitted at any time to any university or institution for the award of any other degree or diploma.

Place: Bangalore **SHAIK SAFIULLA**

Date: **Reg No. MB206250**

ACKNOWLEDGEMENT

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I like to thank the principal **Dr. B.A. Anuradha**, other faculty members and the institution itself without whom this experience would have been a distant reality.

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Here by, I express, my deepest thanks to **HOD Prof. Deepak Singh M.C** for his support and guidance to carry on with the Mini Project.

I am also thankful to **Bengaluru City University** for making this Mini Project a part of our curriculum. It has been a wonderful experience which has helped me gain knowledge and practical exposure in the process of the Mini Project.

Last but not the least I present my heartfelt thanks to my family, Friends and well wishers for their help and support.

SHAIK SAFIULLA

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INTRODUCTION

CHAPTER 1: INTRODUCTION

INTRODUCTION ABOUT TOPIC:

- **BANKING SECTOR IN INDIA:**

- **Introduction:**

Banks are life blood and the nervous system of the Indian economy. Banking plays an important role in the economic development of a country and forms the core of the money market in an advanced country. In India, the money market is characterized by the existence of both the organized and unorganized sectors. The organized sector includes Commercial banks, Co-operative banks and Regional Rural banks while the unorganized sector includes indigenous bankers and private money lenders. Among the banking institutions in the organized sector, the commercial banks are the oldest institutions having a wide network of branches, commanding utmost public confidence and having the lion's share in the total banking operations. Initially, they were established as corporate bodies with share-holdings by private individuals, but subsequently there has been a drift towards State ownership and control. In Modern times banking is the kingpin of all business activity. It is an important instrument of mobilizing the community's resources through institutional framework.

As a matter of fact, economic and industrial development of a country depends, is the main, upon how efficiently funds are managed by the banks. Hence, banking plays an important in the economic development of the country. Adequacy of capital and competency of management are the two pillars upon which the earnings of the banks depend. Sufficiency of capital instills depositor's confidence, which helps in mobilizing of deposits. Increase in deposits increases the lending business and therefore enhances the possibilities of income generation for the bank. Moreover, a bank with a sound capital base can take business opportunity more effectively and can concentrate well on dealing with problem arising from unexpected loses. A smart bank manager can, not only help to mobilize resources and deploy them in profitable channels, the manager can also reduce the amount of idle balances and help to earn more profits.

The banks now focus on integrated balance-sheet management where all the relevant factors which effect an appropriate balance sheet composition deserve consideration. Therefore various components of balance sheet are analyzed keeping in view the strengths of a bank. Analyzing Asset and Liability behaviour means managing both assets and liabilities simultaneously for the purpose of minimizing the adverse impact of interest rate movement, providing liquidity and enhancing the market value of equity. A careful designing and management of Asset and Liability behaviour is integral part of banking business particularly because over three forth of its resources originate from the depositors.

As per the Reserve Bank of India (RBI), India’s banking sector is sufficiently capitalised and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.
Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI’s new measures may go a long way in helping the restructuring of the domestic banking industry. The digital payments system in India has evolved the most among 25 countries with India’s Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII).

- **<u>Market Size:</u>**

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions As of September 2021, the total number of ATMs in India reached 213,145. In FY18-FY21, bank assets across sectors increased. Total assets across the banking sector (including public and private sector banks) increased to US$ 2.48 trillion in FY21.

In FY21, total assets in the public and private banking sectors were US$ 1,602.65 billion and US$ 878.56 billion, respectively. During FY16-FY21, bank credit increased at a CAGR of 0.29%. As of FY21, total credit extended surged to US$ 1,487.60 billion. During FY16-FY21, deposits grew at a CAGR of 12.38% and reached US$ 2.06 trillion by FY21. According to the RBI, bank credit stood at Rs. 110.46 trillion (US$ 1.47 trillion) and credit to non-food industries stood at Rs. 109.82 trillion (US$ 1.46 trillion) as of September 24, 2021.

- **<u>Investments/Developments:</u>**

  - As of November 03, 2021, the number of bank accounts—opened under the government’s flagship financial inclusion drive ‘Pradhan Mantri Jan Dhan Yojana (PMJDY)’—reached 43.81 crore and deposits in the Jan Dhan bank accounts totalled >Rs. 1.48 trillion (US$ 19.89 billion).
  - On November 09, 2021, RBI announced the launch of its first global hackathon 'HARBINGER 2021 – Innovation for Transformation' with the theme ‘Smarter Digital Payments’.
  - In November 2021, Kotak Mahindra Bank announced that it has completed the acquisition of a 9.98% stake in KFin Technologies for Rs. 310 crore (US$ 41.62 million).
  - In July 2021, Google Pay for Business has enabled small merchants to access credit through tie-up with the digital lending platform for MSMEs—FlexiLoans.
  - In December 2020, in response to the RBI’s cautionary message, the Digital Lenders’ Association issued a revised code of conduct for digital lending.
  - On November 6, 2020, WhatsApp started UPI payments service in India on receiving the National Payments Corporation of India (NPCI) approval to ‘Go Live’ on UPI in a graded manner.
  - In October 2020, HDFC Bank and Apollo Hospitals partnered to launch the ‘Healthy Life Programme’, a holistic healthcare solution that makes healthy living accessible and affordable on Apollo’s digital platform.
  - In 2019, banking and financial services witnessed 32 M&A (merger and acquisition) activities worth US$ 1.72 billion.
  - In March 2020, State Bank of India (SBI), India’s largest lender, raised US$ 100 million in green bonds through private placement.
  - In February 2020, the Cabinet Committee on Economic Affairs gave its approval for continuation of the process of recapitalization of Regional Rural Banks (RRBs) by providing minimum regulatory capital to RRBs for another year beyond 2019-20 - till 2020-21 to those RRBs which are unable to maintain minimum Capital to Risk weighted Assets Ratio (CRAR) of 9% as per the regulatory norms prescribed by RBI.

- **Government Initiatives:**

  - In November 2021, RBI launched the 'RBI Retail Direct Scheme' for retail investors to increase retail participation in government securities.
  - The RBI introduced new auto debit rules with a mandatory additional factor of authentication (AFA), effective from October 01, 2021, to improve the safety and security of card transactions, as part of its risk mitigation measures.
  - In September 2021, Central Banks of India and Singapore announced to link their digital payment systems by July 2022 to initiate instant and low-cost fund transfers.
  - In August 2021, Prime Minister Mr. Narendra Modi launched e-RUPI, a person and purpose-specific digital payment solution. e-RUPI is a QR code or SMS string-based e-voucher that is sent to the beneficiary's cell phone. Users of this one-time payment mechanism will be able to redeem the voucher at the service provider without the usage of a card, digital payments app, or internet banking access.
  - As per Union Budget 2021-22, the government will disinvest IDBI Bank and privatise two public sector banks.
  - Government smoothly carried out consolidation, reducing the number of Public Sector Banks by eight.

- **Achievements:**

- In October 2021, Unified Payments Interface (UPI) recorded 4.21 billion transactions worth Rs. 7.71 trillion (US$ 103.9 billion).
- According to the RBI, India's foreign exchange reserves reached US$ 642.20 billion as of October 29, 2021.
- To improve infrastructure in villages, 204,000 point of sale (PoS) terminals have been sanctioned from the Financial Inclusion Fund by National Bank for Agriculture & Rural Development (NABARD).
- The number of transactions through immediate payment service (IMPS) reached 430.67 million and amounted to Rs. 3.70 trillion (US$ 49.75 billion) in October 2021.

- **Road Ahead:**

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth in the banking sector. All these factors suggest that India's banking sector is poised for a robust growth as rapidly growing businesses will turn to banks for their credit needs. Also, the advancement in technology has brought mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and upgrading their technology infrastructure to enhance customer's overall experience as well as give banks a competitive edge. India's digital lending stood at US$ 75 billion in FY18 and is estimated to reach US$ 1 trillion by FY23 driven by the five-fold increase in the digital disbursements.

➢ SBI – STATE BANK OF INDIA:

- **Constitution of the State Bank of India:**

The original name of the State Bank of India was Imperial Bank of India.The Imperial Bank of India was formed in 1921 by amalgamating the three Presidency banks of Bengal, Bombay and Madras. Prior to Independence, the Imperial Bank was handling the entire business and banking transactions of the Government. Though the Reserve Bank of India had been established in 1935, it was undertaking only central banking functions. Therefore, the Imperial Bank continued to handle Government transactions. On the recommendations of the All India Rural Credit Survey Committee (1954), the Government of India nationalised the Imperial Bank of India and renamed it as the State Bank of India with effect from 1 July, 1955. Further, eight banks of the former princely States were brought under the SBI as its subsidiaries in 1959.

- **Organisational Structure of the State Bank of India:**

The SBI is not a bank wholly owned by the Government. It is a corporate body with an authorised share capital, of Rs.1000 crore and paid-up capital of Rs.526 crores of shares of Rs.10 each as on 31 March, 1998. The apex body in the organisational structure of the SBI is the Central Board of Directors, which consists of a Chairman, two Managing Directors and 17 Directors appointed/elected under Section 19(1) of the State Bank of India Act, 1955.

The Chairman and the Managing Directors are appointed by the Central Government in consultation with the RBI for a period not exceeding five years. Out of 17 Directors 6 are ex-officio representing different organisations, 4 are elected by the shareholders, 6 are nominated by the Central Government and one is nominated by the RBI. To manage the different Departments of the Bank, there is a Central: Management Committee which has ten members consisting of the Chairman, two Managing Directors and seven Deputy Managing Directors. The Chairman is the ex-officio member of the Committee. All the Deputy Managing Directors function under the overall charge of the Managing Directors. During 1995-96, several organisational changes have been carried out in the areas of structure, systems and-strategies of the SBI.

Lean and integrated top management now consists of the Chairman, group executives for National Banking Group, Corporate Banking Group, International Banking Group and Associates and Subsidiaries Group and four staff functionaries in charge of financial, credit, human resources and technology management, and inspection and audit. Three Strategic Business Units (SBUs) have been set up under the Corporate Banking Group to focus attention on very large corporate customers, lease finance and project finance. They are the Corporate Accounts Group, Leasing Group and Project Finance Group. Each SBU has been given profit responsibility. A committee approach has been adopted, both at the apex and circle levels for sanctioning large advances. For this purpose, Central Office Credit Committee and Circle Credit Committees have been set up. They have been delegated higher financial powers to ensure faster decision-making of credit disposals.

- **<u>Objectives of the State Bank of India:</u>**

The State Bank of India was established with the following specific objectives:

- To have a strong commercial bank under the control and supervision of the Government.
- To spread banking facilities in rural, semi-urban and metropolitan areas by opening 400 branches within five years of its establishment. This policy of branch expansion has since been continued.
- To help spread banking in rural areas for the purpose of encouraging and mobilising savings among the ruralists and to provide credit to them.

- To subscribe to the debentures of State Land Development Banks and to advance loans on their security.
- To strengthen co-operative societies, help in the establishment of licensed warehouses arid co-operative marketing societies.
- To provide financial assistance to small, cottage and village industries.
- To help other banks and strengthen the banking system.
- To help the RBI in implementing its monetary and credit policies.

Functions of the State Bank of India:

The State Bank performs the following functions:

- **Central Banking Functions:** The SBI performs a number of functions on behalf of the Reserve Bank of India. (a) It acts as the agent of the RBI where the latter has no branch, (b) It receives money on behalf of the Central and State Governments and makes payments on their behalf, (c) It buys and sells securities on behalf of the Government and manages the public debt.
- **Accepts Deposits:** The State Bank accepts deposits of all kinds from the Indian public and NRIs in rupees and foreign currencies.
- **Gives Loans and Advances:** It gives loans and advances against an eligible security including goods, bills of exchange, promissory notes, fully paid shares and debentures or other securities of a civil authority, etc.
- **Invests and Borrows:** The SBI invests in Government securities and borrows from the Reserve Bank.
- **Deals in Bills of Exchange:** The State Bank draws, accepts, discounts, buys and sells bills of exchange and deals in letters of credit payable in and outside India.
- **Deals in Gold and Silver:** The SBI buys and sells gold and silver. In June and July 1991, it sold gold to the Swiss Bank and pledged gold to the Bank of England on behalf of the Reserve Bank.
- **Deals in Foreign Currencies:** The SBI is an authorised agent for dealing in foreign currencies. As such, it exchanges foreign currencies in Indian rupees and rupees into foreign currencies.
- **Acts as Agent:** It acts as the agent of any registered co-operative bank.

- **Business on Commission:** The State Bank transacts pecuniary business on commission.
- **Underwrites Issues:** It underwrites issues of stocks, shares, debentures and other securities in which it is authorised to invest.
- **Capital Stock of Banking Company:** It can subscribe to, buy, acquire, hold and sell any shares in the capital stock of any banking company.
- **Form Subsidiary:** It can form any banking company as its subsidiary or take over any banking company on the direction of the Reserve Bank.
- **Hire Purchase Companies:** It is authorised to make loans and advances to firms and companies engaged in the financing of hire-purchase transactions on the security of book debts, etc. subject to the approval of the Central Board.
- **Housing Schemes:** The State Bank is authorised to act as an agent of the Central Government, a State Government or any corporation in implementing schemes for financing the construction of houses and manage the funds placed at its disposal for this purpose.
- **Finances Foreign Trade:** The SBI finances the foreign trade of the country.

Working or Achievements of State Bank of India:

The State Bank of India is the biggest commercial bank in the country with the largest number of branches and offices in India and abroad. Since its nationalisation in 1955, its working reveals that it has made tremendous progress in deposits, advances, rural credit, industrial finance, priority sectors, merchant banking, mutual fund, housing finance, factoring etc. We discuss below its role and importance as the leading commercial bank of the country.

A. Banking Trends:

- **Paid-up Capital and Reserves:** There has been a phenomenal growth in the paid-up capital and reserves of the State Bank over the years. From mere Rs.12 crores in 1955 and Rs.20 crores in 1969, they had risen to Rs.9,608 crores as at the end of March 1998.
- **Deposits Growth:** The SBI has made great efforts towards deposit mobilisation. In absolute terms, they increased from Rs.226 crores in 1955 to Rs.131,091 crores in 1998.

- **Credit Expansion:** The Bank has expanded much its policy of giving loans and advances for food and non-food purposes. The overall amount of advances increased from Rs.106 crores in 1955 to Rs.841 crores in 1969 to Rs.74,237 crores as on March, 1998.
- **Investments:** Its investments in Government securities also show considerable growth. In absolute amount, they increased from Rs.117 crores in 1955 to Rs.350 crores in 1969 and to Rs.54,982 crores in March, 1998.
- **Branch Expansion:** Since its nationalisation in 1955, the SBI has been successfully carrying on its policy of branch expansion. Its number of offices including foreign offices increased from 497 in 1955 to 8,979 in June 2003. Along with branch expansion, the number of employees also increased from 14,682 to 2,33,000 over the period.
- **Other Highlights:** Its credit-deposit ratio was 47 per cent in 1995 which increased to 62 per cent in 1996. Its capital adequacy ratio was 13.50 per cent in 2002-03 well above the stipulated 9 per cent.

B. State Bank of India and Agricultural Finance:

The State Bank of India is a pioneer in the field of agricultural finance. In fact, it has been a pace setter for other banks in rural banking. It has been helping in providing rural finance in the following ways:

- **Branch Expansion:** At the time of nationalisation, the State Bank was required to open not less than 400 branches within five years of its inception mainly in rural and semiurban areas. In fact, it opened 416 branches during the stipulated period. Since then it has kept up the tempo of branch expansion with the result that at the end of June, 2003, it had 4,098 branches in rural areas which formed about 46 per cent of its total branches in the country.
- **Remittance Facilities:** With the spread of a network of branches in rural areas, the SBI has been providing cheap remittance facilities to State and Central Co-operative Banks, Land Development Banks, farmers and traders.
- **Help to Co-operative Banks:** The SBI has been of great help to co-operative and land development banks engaged in providing rural credit.

- **Help to Land Development Banks:** The State helps the Land Development Banks which provide long term credit to agriculturists in the following ways: The SBI subscribes to the debentures of LDBs and grants them loans and advances on the security of such debentures.
- **Credit to Co-operative Marketing and Processing. Societies:** It provides direct credit to co-operative marketing and processing societies for working capital requirements. This help is given when they are unable to get financial assistance from Central/State Co-operative Banks.
- **Production Finance:** The SBI provides short term credit to individual farmers for raising of crops.
- **Finance for Irrigation:** The Bank has been extending assistance by way of term loans to various minor irrigation projects, command area development schemes, dug-well and tube-well sinking projects, etc.
- **Modernisation of Farm Practices:** The SBI provides finance to farmers from raising agricultural productivity through modernisation of farm practices.
- **Wasteland Development:** The Bank extends credit facilities to farmers for reclaiming wastelands under social forestry schemes, for raising nurseries and planting trees to meet the raw material requirements of fuel and fodder.
- **Financing of Warehouses:** The establishment of warehouses helps in the marketing of agricultural produce by farmers. The SBI has been associated with development of warehouses in a number of States.
- **Financing of Fisheries:** The SBI finances fisheries schemes for increasing fish production to meet the domestic demand and export potential.
- **Financing of Other Activities:** The SBI also provides financing assistance to special agricultural activities such as animal husbandry, cattle breeding, dairy farming, piggery, poultry farming, horticulture, sericulture, vermi-culture, tissue-culture and mushroom cultivation and high-tech agriculture.
- **Service Area Approach:** Under the Service Area Approach introduced from 1 April, 1989,86 per cent of the Bank's branches had implemented village credit plans in 1,12,064 villages allotted under SAA.
- **Integrated Area Approach:** Since 1971, the SBI has been laying emphasis on an integrated area approach with developing compact areas where economic growth

could be accelerated with the Bank's support, preference being given to areas which are backward and where special schemes of the Government have been taken up.

- **ADBs and ABDs:** The State Bank has Agricultural Development Branches (ADBs) and Agricultural Banking Divisions (ABDs) in selective areas particularly included in IRDP, HYVP and IAAP areas. The aim is to finance all-round development of agriculture. The Bank works in close co-operation with NABARD.

C. State Bank of India and Industrial Finance:

The State Bank of India occupies the premier position in providing finance to large/medium, and small scale industries. The type of financial assistance being rendered to them is as under:

- **Financing Large/Medium Scale Industries:** The Bank has been financing medium/large scale industries on a selective basis. On the one hand, it has been financing new ventures of industrial groups with a good track record and on the other, new generation entrepreneurs with viable ventures.

  (a) **Industrial Finance Branches (IFBs):** To strengthen infrastructure for catering 'to medium/large industries, it has set up 9 IFBs at important centres.

  (b) **Monitoring of Credit:** The Bank has been making special efforts for monitoring of credit by exposing the officials to different training programmes, including on-the-job training at the apex level.

  (c) **Industrial Rehabilitation:** The SBI set up a separate Department of Industrial Rehabilitation in 1990-91 to deal with sick and financially weak units and to rehabilitate them.

  (d) **Infrastructure Development:** For financing infrastructure projects, the Bank assisted 9 independent power projects envisaging Rs.2,276 crores. The Bank also sanctioned Bid Bond guarantees to enable 8 companies bid for Basic and Cellular services during 1995-96.

- **Financing of Small Scale Industries:** The State Bank has been meeting the growing needs of the small scale sector by providing credit facilities on liberal terms. Its financial assistance covers all stages of manufacturing, viz. working capital, purchase of raw materials, marketing, entrepreneurial assistance, etc.

(a) **Equity Fund:** To provide equity support to small scale units, the Bank operates its Equity Fund Scheme. Under this scheme, it provides interest free loans, repayable over a period of 5-7 years with an initial starting period.

(b) **Entrepreneur Scheme:** Under this scheme, the Bank finances technically qualified persons and experienced craftsmen up to Rs.10 lakhs for starting new projects. Assistance up to Rs.2 lakhs is made available free of margin.

(c) **Consultancy Cells:** The Bank has Consultancy Cells which provide management consultancy support to small scale units and technical guidance to operating staff. These Cells are also actively engaged in the work relating to technology upgradation.

(d) **Entrepreneurial Development Programme:** The Bank conducts entrepreneurial development programmes in the backward districts and its lead districts to motivate first generation entrepreneurs to set up risk-bearing ventures.

(e) **Rehabilitation of Sick Units:** Under the guidance of its Department of Industrial Rehabilitation, the Bank identifies sick small units and formulates expeditious nursing programmes for the viable units. So far about 90 per cent of the total viable small scale sick units in the Bank's books have been placed under suitable rehabilitation programmes.

(f) **Technology Upgradation:** The Bank has a separate Department of Systems and Technology which set up the Industrial Technology Group (known as UPTECH Group) in 1988. This Group directs and guides programmes aimed at facilitating technology upgradation in the small scale industrial sectors.

(g) **Small Business Finance:** The Bank also provides finances to small business enterprises which include retail traders, transport operators, professionals and others. The main objective of the Bank has been to increase opportunities for self-employment in the tertiary sector. The Bank's advances to small business units amounted to Rs. 2,414 crores covering 25 lakh accounts at the end of March 1996.

STATEMENT OF THE PROBLEM:

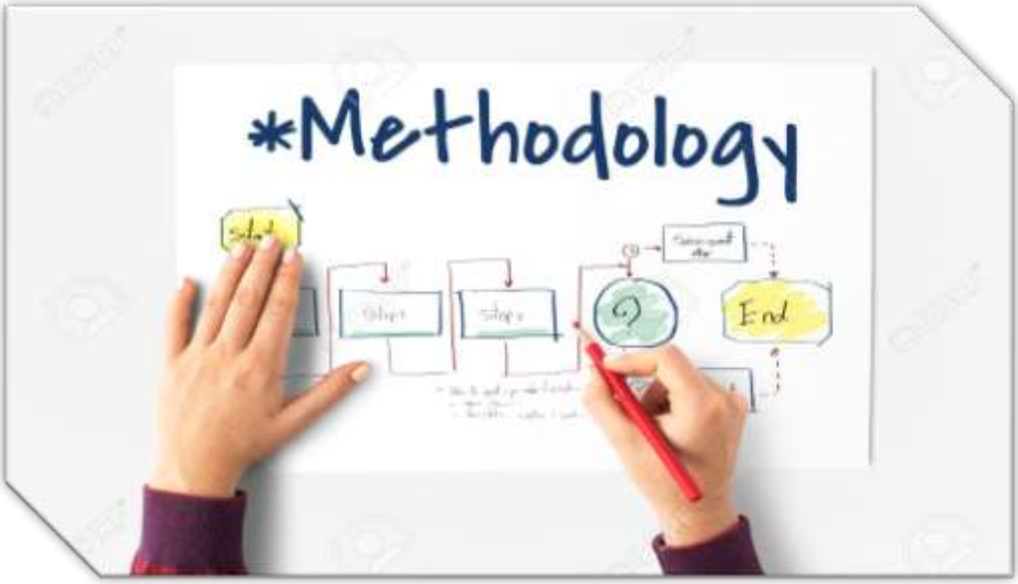
The statement of the problem is to study the impact of SBI (State Bank of India) and its associates on the financial conditions of State Bank of India. Liquidity is the ability of an organisation to meet its financial obligations during the short-term and to maintain long-term debt-paying ability. The 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. Therefore, a study of liquidity, profitability, leverage, turnover, market based and their association with risk, assessing the financial position very much necessary to evaluate the financial strength of the bank. Therefore, an attempt has been made to study the the impact of SBI (State Bank of India) and its associates on the financial conditions of State Bank of India.

NEED AND RELEVANCE OF THE STUDY:

Banks are life blood and the nervous system of the Indian economy. Banking plays an important role in the economic development of a country and forms the core of the money market in an advanced country. In India, the money market is characterized by the existence of both the organized and unorganized sectors. The organized sector includes Commercial banks, Co-operative banks and Regional Rural banks while the unorganized sector includes indigenous bankers and private money lenders. Among the banking institutions in the organized sector, the commercial banks are the oldest institutions having a wide network of branches, commanding utmost public confidence and having the lion's share in the total banking operations. Initially, they were established as corporate bodies with share-holdings by private individuals, but subsequently there has been a drift towards State ownership and control. In Modern times banking is the kingpin of all business activity. It is an important instrument of mobilizing the community's resources through institutional framework.

CHAPTER: 2

METHODOLOGY



CHAPTER 2: METHODOLOGY

REVIEW OF LITERATURE:

Ali Ataullah (2004) Concluded that there is still room for improvement in the efficiency of banks in both the countries. A step forward for the liberalization programmer , therefore, is not only to deregulate interest rates and enhance the level of competition but also to strengthen the intuitional structure to support good practices in the banking industry.

Gupta Sumeet&VermaRenu (2008) concluded that management of non-performing assets and risk emanating from adverse event is the key to higher profitability of the Indian banking. Transparency and good governance would work as principal guiding force in present scenario.

GhoshSaibal (2009) concluded that with international standards, Indian banks would need to improve their technological orientation and expand the possibilities for augmenting their financial activities in order to improve their profit efficiency in the near future.

Dr. Ibrahim Syed M (2011) concluded that this is diagnostic and exploratory in nature and makes use secondary data. The study finds and concludes that the scheduled commercial banks in India have significantly improved their operational performance.

Dr. Pardhan Kumar Tanmaya (2012) Concluded that-The study is based on primary data. The data has been analyzed by Percentage method. The tool used to collect data from the bank officials was a structured questionnaire. Responses obtained from the 50 Bank managers / senior officers.

Dr. Dhanabhakyam M &Kavitha M. (2012) studied that banks have to re-orient their strategies in the light of their own strength and the kind of market in which their likely to operate on. In the perspective of this domestic and international development, the banking sector has to chart perfect for development.

GejalakshamiSandanam & et.al (2012), Cocluded that the public sector banks performed remarkably well during the period than that of the private sector banks the overall regression analysis show that the financial performance of the banking industries strongly.

Gupta Shipra (2012) concluded that- Public and Private sector banks both are giving good service in India. Financial condition of any bank is measured by the help of financial ratio. A leverage ratio cannot do the job alone it needs to be complemented by other prudential tools or measures to ensure a comprehensive picture of the buildup of leverage in individual banks or banking groups as well as in the financial system.

Sharma Esha (2012) concluded that- The liberalized policy of the govt. of India permitted entry to the ICICI in the banking; the industry has witnessed a generation of private players. That’s why the present paper special emphasis has been laid down on the financial analysis of the bank by using different research ant statistical tools.

GoelCheenu&RekhiBhutaniChitwan (2013) concluded that the analysis supports that new banks are more efficient than old ones. The public sector banks are as not profitable as other sectors are. It means that efficiency and profitability are inter related.

Davda V. Nishit (2012) Concluded that a review of fundamental analysis research in accounting the paper has outlined the development of different accounting valuation model and reviewed related emperical work.

Dr. KoundalVirender (2012) concluded that although various Reforms have produced favorable effects on commercial banks in India and because of this transformation is taking place almost in all categories of the banks.

Sai Naga Radha V & et.al. (2013) concluded that net profit margin, operating profit margin, return on capital employed, return on equity and debt equity ratio there is no significant difference in these ratios before after merger. Significant difference with respect to gross profit margin.

Mishra Kumar Aswini& et.al. (2013) Concluded that DEA provide significant insights on efficiency of different banks and places private sector ones at an advantage situation and there by hints out the possibility of further improvisation of most of the public sector banks.

OBJECTIVES OF THE STUDY:

- To study about State Bank of India and its financial performance.
- To know the impact of State Bank of India on its financial conditions.

SCOPE OF THE STUDY:

The research of the present study covers the scope which is limited to the financial performance of state Bank of India and impact of SBI and its associates on the financial conditions of SBI. The study enables the students to develop independent critical thinking skills and it can be utilized by the juniors as reference material for their relevant research study.

METHODOLOGY OF THE STUDY:

The study is descriptive in nature. It has been carried out with the help of secondary data taken from various journals, text books, newspapers, magazines, internet sources and online research reports.

SOURCES OF DATA:

- **SECONDARY DATA:**

Secondary data is a data which is readily available. The data for the present study covers the secondary sources such as magazines, websites, journals, newspapers, various books related to the topics and other references were made.

LIMITATIONS OF THE STUDY:

- Time constraint.
- In depth research was not made.
- There might be bias in the secondary information.

CHAPTER: 3

SWOC ANALYSIS

CHAPTER 3: SWOC ANALYSIS

STRENGTHS:

- SBI is India's biggest bank in terms of market share, sales, and reserves.
- SBI has been ranked in the Fortune Global 500 list.
- According to recent reports, the bank has more than 22141 branches and 58555 ATM's.
- The bank is active in 36 countries involved in currency traders around the world.
- SBI has the first-mover edge of commercial banking facilities.
- SBI recently updated its vision and mission statements indicating an indication of inclination towards new-age banking services.
- State Bank of India has a huge employee base of 257252 employees.
- SBI has revenue of 143306 Crore rupees (20 billion US Dollars).
- The owner of the State Bank of India is the Government of India.

WEAKNESSES:

- The lack of adequate technology-driven infrastructure relative to private banks
- Employees are hesitant to fix issues efficiently due to better job stability, and the turnaround period for clients is lengthy relative to private banks.
- The banks pay a large sum on their leased houses.
- SBI has the largest number of employees in the banking sector, which is why the bank spends a considerable amount of its income on employees salaries.
- Despite the modernization, the bank still conveys the perception of the traditional bank to new-age clients.
- SBI does not draw corporate payroll accounts, and any government employee's payroll accounts are now transferred to private banks for ease of service, unlike before.

OPPORTUNITIES:

- The merger of SBI with five other banks, namely the State Bank of Hyderabad, the State Bank of Patiala, the State Bank of Bikaner and Jaipur, the State Bank of Travancore and the State Bank of Mysore, is at the approval stage.
- Mergers would result in a rise in market share to protect its number one spot.
- SBI aims to expand and invest in foreign activities due to a strong inflow of capital from the Asian economy.
- As some of the banking activities are yet to be modernized, there is a greater opportunity for leveraging new technology and applications to enhance customer ties.
- Young and talented graduate and B school pools are on the rise to open new horizons for the so-called "old government bank".

CHALLENGES:

- Net profit of the year decreased from 9166.05 in the year 2010 to 7.370.35 in the year 2011.
- This indicates that the market share of its close rival ICICI is that.
- Other private banks, such as HDFC, AXIS bank, etc.
- FDIs permitted in the banking sector was increased to 49%, which is a major challenge to SBI as citizens continue to turn to international banks for better banking services facilities and technology.
- Other government banks, such as GNP, Andhra, Allahabad Bank, and Indian Bank, are coming up.
- Customers prefer to switch to private banks and financial service providers for loans and mortgages, as SBI involves strict verification procedures and takes a long time to process.

CHAPTER: 4

OUTCOMES OF THE STUDY

CHAPTER 4: OUTCOMES OF THE STUDY

OUTCOMES:

Banking in India has its origin as early or Vedic period. It is believed that the transitions from many lending to banking must have occurred even before Manu, the great Hindu furriest, who has devoted a section of his work to deposit and advances and laid down rules relating to the rate of interest. During the mogul period, the indigenous banker played a very important role in lending money and financing foreign trade and commerce. During the days of the East India Company it was the turn of agency house to carry on the banking business. The General Bank of India was the first joint stock bank to be established in the year 1786. The other which followed was the Bank of Hindustan and Bengal Bank. The Bank of Hindustan is reported to have continued till 1906. While other two failed in the meantime. In the first half of the 19th century the East India Company established there banks, The bank of Bengal in 1809, the Bank of Bombay in 1840 and the Bank of Bombay in1843. These three banks also known as the Presidency banks were the independent units and functioned well. These three banks were amalgamated in 1920 and new bank, the Imperial Bank of India was established on 27th January, 1921.

With the passing of the State Bank of India Act in 1955 the undertaking of the Imperial Bank of India was taken over by the newly constituted SBI. The Reserve Bank of India (RBI) which is the Central bank was established in April, 1935 by passing Reserve bank of India act 1935. The Central office of RBI is in Mumbai and it controls all the other banks in the country. In the wake of Swadeshi Movement, number of banks with the Indian management were established in the country namely, Punjab National Bank Ltd., Bank of India Ltd., Bank of Baroda Ltd., Canara Bank. Ltd. on 19th July 1969, 14 major banks of the country were nationalized and on 15th April 1980, 6 more commercial private sector banks were taken over by the government. The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases. They areas mentioned below:

- Early phase from 1786 to 1969 of Indian Banks

- Nationalization of Indian Banks and up to 1991 prior to Indian banking sector Reforms.
- New phase of Indian Banking System with the advent of Indian Financial & Banking Sector Reforms after 1991.

Phase I: The General Bank of India was set up in the year 1786. Next came Bank of Hindustan and Bengal Bank. The East India Company established Bank of Bengal (1809), Bank of Bombay (1840) and Bank of Madras (1843) as independent units and called it Presidency Banks. These three banks were amalgamated in 1920 and Imperial Bank of India was established which started as private shareholders banks, mostly Europeans shareholders. In 1865 Allahabad Bank was established and first time exclusively by Indians, Punjab National Bank Ltd. was set up in 1894 with headquarters at Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore were set up. Reserve Bank of India came in 1935. During the first phase the growth was very slow and banks also experienced periodic failures between 1913 and 1948. There were approximately 1100 banks, mostly small. To streamline the functioning and activities of commercial banks, the Government of India came up with The Banking Companies Act, 1949 which was later changed to Banking Regulation Act 1949 as per amending Act of 1965 (Act No. 23 of 1965).

Phase II: Government took major steps in this Indian Banking Sector Reform after independence. In1955, it nationalized Imperial Bank of India with extensive banking facilities on a large scale especially in rural and semi-urban areas. It formed State Bank of India to act as the principal agent of RBI and to handle banking transactions of the Union and State Governments all over the country. Seven banks forming subsidiary of State Bank of India was nationalized in 1960 on 19th July,1969, major process of nationalization was carried out. It was the effort of the then Prime Minister of India, Mrs. Indira Gandhi. 14 major commercial banks in the country was nationalized. Second phase of nationalization Indian Banking Sector Reform was carried out in 1980 with seven more banks. This step brought 80% of the banking segment in India under Government ownership.

SUGGESTIONS:

- Though most of people consider SBI faster than other banks but private sector banks which are new are also in competition.
- SBI needs to increase its performance in the matter of cooperativeness Many ATM card holders complain that ATM Centre of kadi branch often remains out of order so they have to face problems, so SBI should take care of that.
- SBI needs to educate its customer about its services.
- SBI needs to advertise more about its services.
- When all the A/C holders will be knowing the facility (ABB) then more people will use it as there is a magical word FREE accompanying the facility.
- Though only 20% people feel that they are non cooperative but SBI needs to take care that the number should not increase as private sector banks are penetrating sharply.
- Many people say that the process of solving problems is too slow. Younger players (Pvt. Banks) are fast in this matter so SBI needs to fasten its services.
- Private sector banks have forayed in KADI for that SBI needs to be ready to face stiff competition.

CHAPTER: 5

LEARNING EXPERIENCES AND CONCLUSION

CHAPTER 5: LEARNING EXPERIENCES AND CONCLUSION

LEARNING EXPERIENCES:

- Opportunity to learn new concepts.
- Opportunity to get explore new insights.
- Added value to the learning.
- Learned professional communication.
- Learned to collect relevant information.
- Learned to be persistent to complete the task.
- Learned to create a balance between collaborative and individual work.
- Learned to work independently.
- learned about the methods and issues.
- Studied about State Bank of India.
- Studied about financial performance of SBI.
- Studied about the impact of SBI on its financial conditions.

CONCLUSION:

Banking plays an important role in the economic development of a country and forms the core of the money market in an advanced country. In India, the money market is characterized by the existence of both the organized and unorganized sectors. The organized sector includes Commercial banks, Co-operative banks and Regional Rural banks while the unorganized sector includes indigenous bankers and private money lenders. The above analysis reveals that the State Bank has been playing a vital role in financing large scale industries. But its contribution in supplying loans and advances, in providing equity funds, in modernisation, in helping to supply inputs, in marketing, etc., to small scale industries and small business has been immense. No other commercial bank in the country is in a position to compete with it. The State Bank has been a pioneer in agricultural finance in the country. It has been providing direct as well as indirect credit facilities to farmers, artisans, marginal farmers, and weaker sections of rural India. The State Bank has been highly successful in its objectives in opening a network of branches in rural and semi-urban areas. It has established itself as the largest commercial bank of the country. Further, it has helped in developing agriculture, small industry and business, and uplifting the weaker sections and priority sectors through liberal credit facilities. Besides, it operates a number of customer oriented services, engages in export promotion and successfully carries out overseas operations.

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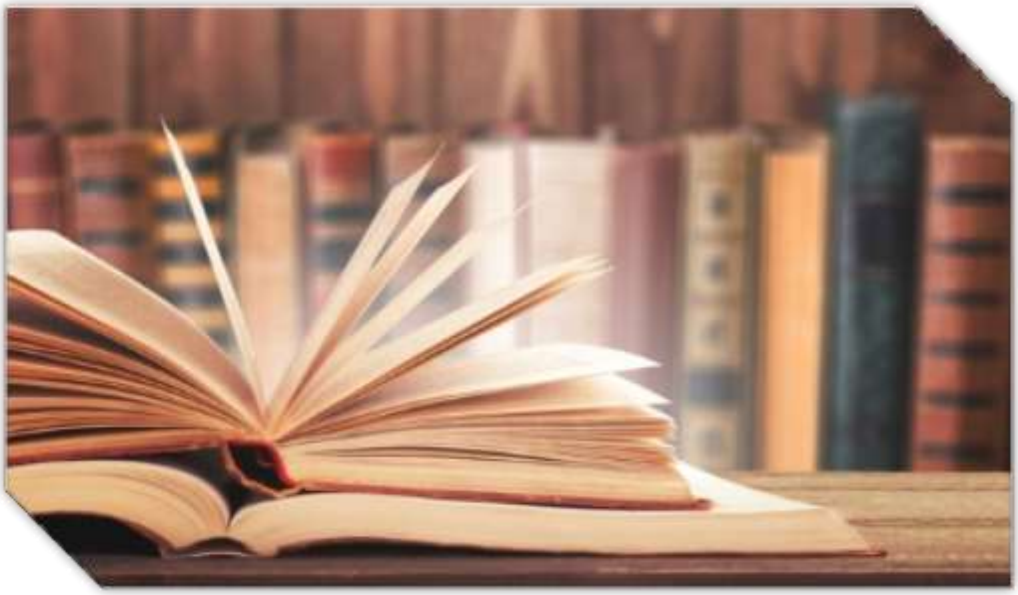

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19-Nov-2021	Discussion of title of the study, objectives of the study, statement of the problem, and need of the study.	
30-Nov-2021	Discussion of research methodology, tools for data collection and limitations of the study.	
09-Dec-2021	Discussion of SBI, financial performance of SBI impact of SBI on its financial conditions, and SWOC analysis.	
18-Dec-2021	Discussion of outcomes of the study, learning experiences and conclusion.	