

Corona pandemic Impact on Indian Banking Sector: A study on State Bank of India

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Abstract:

Economic growth and development of any country depends upon a well-knit financial system. In order to defeat the COVID-19 Pandemic, Indian Government announced complete lockdown in the country starting on March 24, 2020 and the same was extended to 3rd May, 2020 in the second phase. This study will tell us about the Corona Pandemic Impact on Indian Banking Sector. As I attempted to analyze the Impact of corona pandemic on Indian Banking Sector with reference to SBI. Our research is also aimed measure financial performance of SBI and to know & analyze the Impact corona pandemic, in the financial performance of SBI.

Keywords: - Economic growth, COVID-19 Pandemic, SBI, Financial performance.

Introduction:

Economic growth and development of any country depends upon a well-knit financial system. In this pandemic situation where world facing a huge problem. This study will tell us about the Corona Pandemic Impact on Indian Banking Sector. As I attempted to analyze the Impact of corona pandemic on Indian Banking Sector with reference to State Bank of India. Our research is also aimed measure financial performance of SBI and to know & analyze the Impact corona pandemic, in the financial performance of SBI.

Analysis of Financial Performance of SBI -

In this research study. I used different financial ratios for measuring the financial performance of State Bank of India. The study of five years annual report of PSB SBI data which are three years before covid 19 and two years during covid 19.

Financial Ratios -

The current ratio can be used to determine whether or not a company will be able to pay its debts in the next twelve months.

- a. **Quick Ratio:** Quick asset excludes assets such as inventory and prepaid expenses which are difficult to liquidate quickly.
- b. **Own fund to Working fund:** It shows the Higher the Own funds, lower will be the outside liabilities.
- c. **Deposit to Working funds:** It shows the Ability to reduce the dependence on Borrowings
- d. **Earnings per Share (EPS):** EPS is a widely used indicator for measuring corporate value.

OBJECTIVES -

- To analyze the Impact of corona pandemic on Indian Banking Sector with reference to SBI.
- To measure financial performance of SBI during corona period.

Research Methodology -In this study I used Quantitative data base. Secondary Data will be used for the purpose of this study. Annual reports of SBI will be used from the period 2017-2018 to 2021-2022 (5 years).

Data Analysis -

State Bank of India

1. Current Ratio = Current Assets / Current Liabilities

Table-1

Year	Current Assets	Current Liabilities	Ratio
2017-18	2353773	167138	14.08
2018-19	2674695	145597	18.37
2019-20	2866000	163110	17.57
2020-21	3144305	181980	17.28
2021-22	3468443	229932	15.08

Sources: Secondary data (Annual Published)

Statistical Analysis:

Arithmetic Average	2901443	177551	16.48
Growth Rate	47.35%	37.57%	7.10%

Interpretations:

Table 1 depicts the average Current Assets as 2901443. The growth rate of Current Assets for these years was 47.35% and that of current liabilities was 37.57%. The current assets have been showing a constant increase every year and current liabilities also increase during these period. It shows the decrease the profitability of the Bank due to more liquidity.

2. Own Fund to Working fund

Table 2

Year	Own Fund	Working fund	Ratio
2017-18	219129	2186635	0.10
2018-19	220914	2529098	0.09
2019-20	232007	2702890	0.09
2020-21	253875	2962325	0.09
2021-22	280088	3238511	0.09

Sources: Secondary data (Annual Published)

Statistical Analysis:

Arithmetic Average	241203	2723892	0.09
Growth Rate	27.8%	48.10%	10%

Interpretations:

Table 2 depicts the average own fund as 241203. The growth rate of own fund for these years was 27.8% and that of working capital was 48.10%. The Own Fund has been showing a constant increase every year and working capital also increase during these period. It shows the above 8% i.e. the company’s owned fund is sufficient and lowers the outside liabilities.

3. Deposit to Working funds

Table 3

Year	Deposit	Working funds	Ratio
2017-18	2706343	2186635	1.24
2018-19	2911386	2529098	1.15
2019-20	3241621	2702890	1.20
2020-21	3681277	2962325	1.24
2021-22	4051534	3238511	1.25

Sources: Secondary data (Annual Published)

Statistical Analysis:

Arithmetic Average	3318432	2723892	1.216
Growth Rate	49.71%	48.10%	0.81%

Interpretations:

Table 3 depicts the average deposits as 241203. The growth rate of deposits for these years was 49.71% and that of working capital was 48.10%. The deposits has been showing a constant increase every year and working capital also increase during these period. It shows the reduce the dependency on borrowings.

4. Earnings per Share (EPS)

Table 4

Year	EAT	No. of Shares	Ratio
2017-18	-6548	892.45	-7.67
2018-19	862	892.45	0.97
2019-20	14488	892.45	16.23
2020-21	20410	892.45	22.87
2021-22	31676	892.45	35.49

Sources: Secondary data (Annual Published)

Statistical Analysis:

Arithmetic Average	12178	13.578
Growth Rate	584%	562.71%

Interpretations:

Table 4 depicts the average EAT as 12178 Cr. The growth rate of EAT was for these years was 584% and that of EPS was 562.71%. The EAT has been showing a constant increase every year and EPS also increase during these period. It shows the very good position of the bank during these study periods.

FINDINGS -

1. **Current Ratio:** In current ratio The State Bank of India has stable growth rate. SBI growth rate during these study periods was 7.10%
2. **Own Fund to Working fund:** SBI growth rate during the study periods was 10%.
3. **Deposit to Working funds:** SBI growth rate during the study periods was 0.81%.
4. **Earnings per Share (EPS):**
 2. SBI growth rate during the study periods was 562.71%. In Earning per share ratio The State Bank of India is high Growth rate.

SUGGESTION -

To the management of the SBI under study

1. It is suggested that the financial manager must be very vigilant in the management of finance.
2. Management must provide proper training to its finance managers to strengthen their knowledge in managing the different areas of analysis of financial statements.
3. The Bank must encourage and support the outside scholars who want to conduct research studies.

CONCLUSIONS

The study it is cleared that SBI have good profitability status, good liquidity position and better asset quality management. Thus, from the overall comparative analysis of Performances of the selected bank, it observed that SBI Bank has good financial performance as over the research period.

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