5.2.46. Deposit to Investment Ratio

This ratio indicates the relationship between deposit of the bank and investment made by the bank. Table 5.46 shows the Deposit to Investment Ratio.

\[
\text{Deposit to Investment Ratio} = \frac{\text{Deposit}}{\text{Investment}}
\]

Table 5.46

<table>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI</td>
<td>1.72</td>
<td>1.72</td>
<td>1.86</td>
<td>2.34</td>
<td>2.92</td>
<td>2.84</td>
<td>2.69</td>
<td>2.72</td>
<td>3.16</td>
<td>62.61</td>
<td>59.70</td>
</tr>
<tr>
<td>2</td>
<td>SB B&amp;J</td>
<td>1.72</td>
<td>1.86</td>
<td>2.28</td>
<td>2.73</td>
<td>3.26</td>
<td>3.25</td>
<td>3.57</td>
<td>3.39</td>
<td>3.98</td>
<td>2.11</td>
<td>2.12</td>
</tr>
<tr>
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<td>SBH</td>
<td>1.65</td>
<td>1.62</td>
<td>1.99</td>
<td>2.39</td>
<td>2.98</td>
<td>3.13</td>
<td>2.98</td>
<td>3.04</td>
<td>3.12</td>
<td>0.32</td>
<td>0.32</td>
</tr>
<tr>
<td>4</td>
<td>SBIN</td>
<td>1.79</td>
<td>1.92</td>
<td>2.34</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>SBM</td>
<td>1.89</td>
<td>2.02</td>
<td>2.34</td>
<td>2.88</td>
<td>3.15</td>
<td>3.27</td>
<td>2.89</td>
<td>3.38</td>
<td>3.34</td>
<td>3.41</td>
<td>3.40</td>
</tr>
<tr>
<td>6</td>
<td>SBP</td>
<td>2.20</td>
<td>2.02</td>
<td>2.15</td>
<td>2.63</td>
<td>3.17</td>
<td>3.38</td>
<td>3.52</td>
<td>3.55</td>
<td>3.94</td>
<td>3.60</td>
<td>3.70</td>
</tr>
<tr>
<td>7</td>
<td>SBS</td>
<td>1.90</td>
<td>1.83</td>
<td>2.07</td>
<td>2.34</td>
<td>3.15</td>
<td>2.70</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8</td>
<td>SBT</td>
<td>1.98</td>
<td>1.83</td>
<td>2.28</td>
<td>2.45</td>
<td>3.19</td>
<td>3.11</td>
<td>3.18</td>
<td>3.21</td>
<td>3.24</td>
<td>3.19</td>
<td>3.11</td>
</tr>
</tbody>
</table>
It is clear from Table 5.46 that the State Bank of India and its associate banks maintained a good position in the deposit to investment ratio throughout the study period.

5.2.47. Borrowings to Advance Ratio

It studies the relationship between the amount of money borrowed by the bank and advances made by the bank. Table 5.47 shows the Borrowings to Advance Ratio.

\[
\text{Borrowings to Advance Ratio} = \frac{\text{Borrowings}}{\text{Advances}} \times 100
\]

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI</td>
<td>6.75</td>
<td>8.5</td>
<td>9.48</td>
<td>11.71</td>
<td>11.77</td>
<td>12.41</td>
<td>9.9</td>
<td>16.3</td>
<td>15.8</td>
<td>257.91</td>
<td>294.05</td>
</tr>
<tr>
<td>2</td>
<td>SB B&amp;J</td>
<td>4.58</td>
<td>7.16</td>
<td>5.12</td>
<td>7.63</td>
<td>5.68</td>
<td>4.26</td>
<td>2.63</td>
<td>8.46</td>
<td>7.31</td>
<td>3.84</td>
<td>6.5</td>
</tr>
<tr>
<td>3</td>
<td>SBH</td>
<td>4.31</td>
<td>6.99</td>
<td>5.23</td>
<td>3.05</td>
<td>1.4</td>
<td>2.65</td>
<td>5.41</td>
<td>9.16</td>
<td>8.17</td>
<td>0.69</td>
<td>0.52</td>
</tr>
</tbody>
</table>
It is clear from Table 5.47 that the State Bank of India had very abnormal ratio in the year 2012 and 2013 due to more borrowings.

### 5.2.48. Investment to Total Asset Ratio

This ratio studies the relationship between the amount of investment and total assets of the banks which shows the banks' investment policy. Table 5.48 presents Investment to Total Asset Ratio.

\[
\text{Investment to Total Asset Ratio} = \frac{\text{Investment}}{\text{Total Asset}} \times 100
\]

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</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI</td>
<td>45.85</td>
<td>45.53</td>
<td>42.86</td>
<td>32.91</td>
<td>26.33</td>
<td>26.26</td>
<td>28.61</td>
<td>28.08</td>
<td>24.16</td>
<td>22.98</td>
<td>23.42</td>
</tr>
<tr>
<td>2</td>
<td>SB B&amp;J</td>
<td>42.59</td>
<td>41.62</td>
<td>35.69</td>
<td>28.83</td>
<td>25.31</td>
<td>25.51</td>
<td>23.72</td>
<td>25.12</td>
<td>21.48</td>
<td>24.72</td>
<td>24.96</td>
</tr>
</tbody>
</table>

Table 5.48

**Investment to Total Asset Ratio**
It is inferred from Table 5.48 that the State Bank of India had maximum of Investment to Total Asset Ratio in the year 2003 with 45.85 and minimum in the year 2012 with 22.98.

5.2.49. Investment to Advance Ratio

This ratio studies the relationship between the amount of investment made by the bank and the advances of the bank. Table 5.49 shows Investment to Advance Ratio.

\[
\text{Investment to Advance Ratio} = \frac{\text{Investment}}{\text{Advance}} \times 100
\]

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</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>SBH</td>
<td>47.91</td>
<td>49.00</td>
<td>41.69</td>
<td>35.09</td>
<td>28.38</td>
<td>26.01</td>
<td>27.35</td>
<td>27.16</td>
<td>26.66</td>
<td>23.38</td>
<td>22.41</td>
</tr>
<tr>
<td>4</td>
<td>SBIN</td>
<td>45.16</td>
<td>41.62</td>
<td>34.90</td>
<td>24.68</td>
<td>24.43</td>
<td>26.24</td>
<td>24.34</td>
<td>24.24</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>SBM</td>
<td>42.00</td>
<td>39.88</td>
<td>35.02</td>
<td>29.44</td>
<td>26.04</td>
<td>25.41</td>
<td>28.10</td>
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<td>24.84</td>
<td>24.39</td>
<td>24.95</td>
</tr>
<tr>
<td>6</td>
<td>SBP</td>
<td>38.15</td>
<td>41.31</td>
<td>39.08</td>
<td>31.05</td>
<td>26.04</td>
<td>23.34</td>
<td>24.44</td>
<td>23.88</td>
<td>21.25</td>
<td>22.37</td>
<td>22.07</td>
</tr>
<tr>
<td>7</td>
<td>SBS</td>
<td>43.77</td>
<td>45.54</td>
<td>40.43</td>
<td>35.84</td>
<td>26.60</td>
<td>28.02</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8</td>
<td>SBT</td>
<td>42.24</td>
<td>44.90</td>
<td>36.68</td>
<td>33.36</td>
<td>25.58</td>
<td>25.74</td>
<td>26.75</td>
<td>26.65</td>
<td>25.26</td>
<td>26.09</td>
<td>26.80</td>
</tr>
</tbody>
</table>
It is clear from Table 5.49 that the State Bank of India had maximum of Investment to Advance Ratio in the year 2003 with 125.11 and minimum in the year 2012 with 33.85.

5.2.50. **Advances in Priority to Public Sector Ratio**

This studies the relationship between the Advances in Priority Sector and Public Sector. Table 5.50 shows the details of Advances in Priority Sector and Public Sector Ratio.

\[
\text{Advances in Priority to Public Sector Ratio} = \frac{\text{Advances in Priority Sector}}{\text{Advances in Public Sector}}
\]
Table 5.50

Advances in Priority Sector and Public Sector Ratio

<table>
<thead>
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</tr>
</thead>
<tbody>
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<td>1</td>
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<td>2.37</td>
<td>3.50</td>
<td>3.76</td>
<td>5.18</td>
<td>3.96</td>
<td>3.48</td>
<td>4.73</td>
<td>3.94</td>
<td>6.06</td>
</tr>
<tr>
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<td>SB B&amp;J</td>
<td>2.62</td>
<td>3.90</td>
<td>4.52</td>
<td>4.34</td>
<td>4.45</td>
<td>4.48</td>
<td>3.14</td>
<td>4.71</td>
<td>4.79</td>
<td>6.65</td>
<td>5.02</td>
</tr>
<tr>
<td>3</td>
<td>SBH</td>
<td>1.60</td>
<td>2.77</td>
<td>7.23</td>
<td>7.88</td>
<td>13.38</td>
<td>3.92</td>
<td>3.71</td>
<td>4.60</td>
<td>4.45</td>
<td>4.57</td>
<td>4.83</td>
</tr>
<tr>
<td>4</td>
<td>SBIN</td>
<td>4.75</td>
<td>7.28</td>
<td>12.21</td>
<td>17.26</td>
<td>16.91</td>
<td>10.35</td>
<td>8.25</td>
<td>5.30</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>SBM</td>
<td>1.69</td>
<td>2.06</td>
<td>2.53</td>
<td>4.09</td>
<td>3.08</td>
<td>3.63</td>
<td>7.80</td>
<td>6.80</td>
<td>6.17</td>
<td>3.40</td>
<td>4.26</td>
</tr>
<tr>
<td>6</td>
<td>SBP</td>
<td>1.93</td>
<td>2.77</td>
<td>3.41</td>
<td>3.14</td>
<td>3.82</td>
<td>3.84</td>
<td>4.74</td>
<td>9.96</td>
<td>8.53</td>
<td>6.52</td>
<td>5.11</td>
</tr>
<tr>
<td>7</td>
<td>SBS</td>
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<td>3.73</td>
<td>4.23</td>
<td>5.69</td>
<td>11.93</td>
<td>5.12</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
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<td>2.49</td>
<td>3.13</td>
<td>3.56</td>
<td>6.66</td>
<td>NA</td>
<td>4.86</td>
<td>6.68</td>
<td>8.04</td>
<td>12.82</td>
</tr>
</tbody>
</table>

It is concluded from Table 5.50 that all the banks under study maintained a good Advances in Priority Sector and Public Sector Ratio in all the years of study.

5.2.51. Fixed Asset to Total Asset

This ratio studies the relationship between fixed assets and total assets which reveals the amount of money invested in fixed assets out of total assets of the bank. Table 5.51 shows the Fixed Asset to Total Asset.
Fixed Asset to Total Asset = \( \frac{\text{Fixed Asset}}{\text{Total Asset}} \times 100 \)

### Table 5.51

**Fixed Asset to Total Asset Ratio**

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI</td>
<td>0.64</td>
<td>0.65</td>
<td>0.59</td>
<td>0.56</td>
<td>0.50</td>
<td>0.47</td>
<td>0.40</td>
<td>0.42</td>
<td>0.39</td>
<td>0.28</td>
<td>0.27</td>
</tr>
<tr>
<td>2</td>
<td>SB B&amp;J</td>
<td>0.56</td>
<td>0.56</td>
<td>0.53</td>
<td>0.59</td>
<td>0.41</td>
<td>0.39</td>
<td>0.37</td>
<td>0.37</td>
<td>0.33</td>
<td>0.37</td>
<td>0.35</td>
</tr>
<tr>
<td>3</td>
<td>SBH</td>
<td>0.44</td>
<td>0.54</td>
<td>0.49</td>
<td>0.55</td>
<td>0.49</td>
<td>0.41</td>
<td>0.35</td>
<td>0.35</td>
<td>0.37</td>
<td>0.41</td>
<td>0.45</td>
</tr>
<tr>
<td>4</td>
<td>SBIN</td>
<td>0.41</td>
<td>0.46</td>
<td>0.46</td>
<td>0.54</td>
<td>0.43</td>
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<td>0.32</td>
<td>0.33</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>SBM</td>
<td>0.34</td>
<td>0.55</td>
<td>0.56</td>
<td>0.84</td>
<td>0.5</td>
<td>0.37</td>
<td>1.81</td>
<td>1.61</td>
<td>1.39</td>
<td>1.24</td>
<td>1.23</td>
</tr>
<tr>
<td>6</td>
<td>SBP</td>
<td>0.56</td>
<td>0.46</td>
<td>0.41</td>
<td>0.42</td>
<td>0.34</td>
<td>0.36</td>
<td>0.32</td>
<td>0.32</td>
<td>0.30</td>
<td>0.32</td>
<td>0.31</td>
</tr>
<tr>
<td>7</td>
<td>SBS</td>
<td>0.40</td>
<td>0.46</td>
<td>0.44</td>
<td>1.20</td>
<td>1.04</td>
<td>0.94</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8</td>
<td>SBT</td>
<td>0.38</td>
<td>0.44</td>
<td>0.37</td>
<td>0.52</td>
<td>0.42</td>
<td>0.38</td>
<td>0.35</td>
<td>0.34</td>
<td>0.31</td>
<td>0.28</td>
<td>0.28</td>
</tr>
</tbody>
</table>

It is clear from Table 5.51 that Fixed Asset to Total Asset Ratio of the State Bank of India was ranging from 0.27 to 0.65 during the period of study.

#### 5.3. Summary

In this chapter, the researcher has analysed the financial position of the company with the help of 51 financial ratios for analyzing the capital adequacy, asset quality, management efficiency, earning quality, liquidity position and profitability of the State Bank of India and its associate banks in India. It is found
from the analysis that the financial position of the State Bank of India and its Associate Banks were comparatively and consistently good in all the years of study

CHAPTER VI
SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

6.1. Introduction
6.2. Summary of Findings
6.3. Problems and Suggestions of the Study
6.4. Conclusion
6.1. Introduction

In this chapter, the researcher has presented the summary of findings, suggestions and conclusion of the study. The financial position of the bank indicates the power of effectiveness of the bank with regards to utilization of the available funds mobilized from various sources. The earnings of the bank are based on the net interest margin and also operational efficiency of the bank. As per the legal provisions and interest of the investors, the banks analyze its financial positions periodically with the help of different financial tools. The performance of the bank also depends on the efforts taking by the bank to control the non-performance assets of the bank. In this study, the researcher has used 51 different financial ratios to study the financial position of the State Bank of India and its Associate Banks.

6.2. Summary of Findings

The summary of findings are presented below

The second chapter “Review of Literature” deals with existing literature related to the subject under study. The researcher has reviewed various literatures with the help of secondary sources. Based on the reviews of earlier studies, it is possible to know the research gap in the field of the study. In this part of the
study, the researcher has presented the various studies done in the field of banking and financial management. It covers various areas in the field of banking sector related to non-performance asset, general financial performance, corporate social responsibilities and the like. It covers various studies related to financial performances of both Indian and foreign banks. Though there are many studies already been undertaken in the field of financial management of banking companies there is no any specific study related to the Financial Performance of State Bank of India and its Associate Banks in India. This study has mainly analysed the financial performance of study units with the help of various financial components through different financial ratios.

The third chapter “Growth and Development of Banking Sector in India” deals with the background of the banking system in the country. It covers all major developments of banking system in India including the major functions of the Reserve Bank of India. It is found that the total number of scheduled commercial banks in India was 89 in the year 2012-13 with 92114 offices and 1096984 employees. The Reserve Bank of India provides different services to strengthen the financial system of the country which includes regulator and supervisor of the financial system, managerial of exchange control, issuer of currency, banker's bank, detection of fake currency and developmental role. It is also found that Banking system in India in the modern sense originated in the last
decades of the 18th century. The first banks were Bank of Hindustan (1770-1829) and The General Bank of India, established 1786 and since defunct. The largest bank, and the oldest still in existence, is the State Bank of India, which originated as the Bank of Calcutta in June 1806, which immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955. For many years the presidency banks acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935. In 1969 the Indian government nationalised all the major banks that it did not already own and these have remained under government ownership. They are run under a structure known as 'profit-making public sector undertaking' (PSU) and are allowed to compete and operate as commercial banks. The Indian banking sector is made up of four types of banks, as well as the PSUs and the state banks, they have been joined since the 1990s by new private commercial banks and a number of foreign banks. It is also found that The Reserve Bank of India is India's Central Banking Institution, which controls the Monetary Policy of the Indian Rupee. On 1 April 1935 during the British Rule in accordance with the provisions of the Reserve Bank of India Act, 1934. The
original share capital was divided into shares of 100 each fully paid, which were initially owned entirely by private shareholders. Following India's independence on 15 - August - 1947, the RBI was nationalised in the year of 1949.

The major findings are presented below

i. The public sector banks have 75843 offices of the commercial banks in India out of total 109811 offices. Table 3.2 shows the particulars of Public Sector Banks in India.

ii. The total number of employees working in public sector banks in the year 2008-09 was 731524 and this strength increased to 801659 in the year 2012-13. It is also clear that the amount of capital and reserves of these banks had increased from the year-after-year.

iii. The number of employees working in Private Sector Banks in the year 2012-13 was 269941 which was higher than that of previous years. It is also found that the net NPA Ratio of the banks in the year 2012-13 was 0.52.

iv. Number of banks in India in the year 2012-13 was 89 and number of employees working in all these banks was 1096984.
v. The Central Bank of India had more Government holding in its shareholding with 85.3 followed by United Bank of India with 82.2.

vi. The total ATMs of Schedule Commercial Banks in India is 114,014 as on March 2013.

vii. The Bank Rate as on July 15, 2014 was 9 per cent and Cash Reserve Ratio was 4 per cent.

The fourth chapter “Profile of the State Bank of India and its Associate Banks” deals with origin and development of the State Bank of India and its Associate Banks. This chapter is based on secondary resources mainly from websites of banks concerned. It is found that State Bank of India (SBI), with a 200 year history, is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers and employees. The Government of India is the single largest shareholder of this Fortune 500 entity with 61.58 per cent ownership. The State Bank of India was ranked 60th in the list of Top 1000 Banks in the world by "The Banker" in July 2012. The origins of the State Bank of India date back to 1806 when the Bank of Calcutta (later called the Bank of Bengal) was established. In 1921, the Bank of Bengal and two other banks (Bank of Madras and Bank of Bombay) were amalgamated to form the Imperial Bank of India. In
1955, the Reserve Bank of India acquired the controlling interests of the Imperial Bank of India and SBI was created by an Act of Parliament to succeed the Imperial Bank of India. The SBI group consists of SBI and five associate banks. The group has an extensive network, with over 20000 plus branches in India and another 186 offices in 34 countries across the world. As of 31st March 2013, the group had assets worth USD 392 billion, deposits of USD 299 billion and capital & reserves in excess of USD 23.03 billion. The group commands over 23 per cent share of the domestic Indian banking market. It is found that the roots of the State Bank of India lie in the first decade of the 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of the three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of royal charters. These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The Presidency banks were amalgamated on 27 January 1921, and the re-organised banking entity took as its name Imperial Bank of India. The Imperial Bank of India remained a joint stock company but without Government participation.
It is also found that the State Bank of Bikaner & Jaipur (SBBJ) is an associate bank of the State Bank of India. As of 2012, SBBJ had 1,037 branches, mostly located in the state of Rajasthan, India. Its branch network out of Rajasthan covers all the major business centers of India. In 1997, the Bank entered in the capital market with an Initial Public Offering of 13,60,000 shares at a premium of Rs 440 per share. The genesis of State Bank of Bikaner and Jaipur dates back to the year 1943-44, when the Bank of Jaipur Ltd. and the Bank of Bikaner Ltd. came into existence. In 1960, both banks were incorporated as subsidiaries of the State Bank of India and named as State Bank of Bikaner and State Bank of Jaipur. On January 1, 1963, both banks merged into one entity viz. State Bank of Bikaner and Jaipur. The constitution, capital, management and other matters pertaining to the Bank are governed by the provisions of SBI (Subsidiary Banks) Act, 1959.

It is also found that the State Bank of Hyderabad (SBH) is an associate bank of the State Bank of India (SBI), and is one of the scheduled banks in India. It was founded in 1941 as Hyderabad State Bank. Since 1956, it has been a subsidiary of the State Bank of India and now is State Bank's largest associate bank. The Bank's head office is situated at Gunfoundry Area, in Hyderabad, India. SBH has over 1,500 branches and about 12,800 employees. Assets are in excess of Rupees 767 billion. SBH has 1000 branches in Andhra Pradesh alone, giving it the third largest branch network in the state. The bank performed well in the past
decades, winning several awards for its banking practices. Smt Arundhati Bhattacharya is the current Chairman and Sri. Santanu Mukherjee is the current Managing Director.

It is also found that the State Bank of Mysore is a nationalised bank in India, with headquarters at Bangalore. It is one of the five associate banks of the State Bank of India. State Bank of Mysore was established in the year 1913 as The Bank of Mysore Ltd. under the patronage of then Maharaja Krishna Raja Wadiyar IV of erstwhile Govt. of Mysore, at the instance of the banking committee headed by the great Engineer-Statesman, Bharat Ratna Sir M. Visvesvaraya. During 1953, "Mysore Bank" was appointed as an agent of Reserve Bank of India to undertake Government business and treasury operations, and in March 1960, it became a subsidiary of the State Bank of India under the State Bank of India (Subsidiary Banks) Act 1959. Now the bank is an Associate Bank under State Bank Group and the State Bank of India holds 92.33 per cent of shares. The Bank's shares are listed in Bangalore, Chennai, and Mumbai stock exchanges.

It is also found that the State Bank of Patiala, founded in 1917, is an associate bank of the State Bank Group. Presently, State Bank of Patiala has a network of 1035 service outlets, including 1010 branches, in all major cities of India, but most of the branches are located in the Indian states of Punjab, Haryana, Himachal Pradesh, Rajasthan, Madhya Pradesh, Jammu & Kashmir, Delhi and
His Highness Bhupinder Singh, Maharaja of Patiala State, founded the Patiala State Bank on 17 November 1917 to foster growth of agriculture, trade and industry. The bank combined the functions of a commercial bank and those of a central bank for the princely state of Patiala. The bank had one branch at Chowk Fort, Patiala, and Undivided India. The formation of the Patiala and East Punjab States Union in 1948 led to the bank being reorganized, being brought under the control of the Reserve Bank of India, and being renamed Bank of Patiala. On 1 April 1960 Bank of Patiala became a subsidiary of the State Bank of India and was renamed State Bank of Patiala.

It is also found that the State Bank of Travancore (SBT) is a subsidiary of the State Bank Group and also has private share-holders. It is the premier bank of Kerala, India, where it has 777 branches. Overall, SBT has a network of over 1036 branches spread over 16 Indian states.

The fifth chapter “An Analysis of Financial Performance of State Bank of India and its Associated Banks” studies the financial performance of the State Bank of India and five of its associate banks namely, the State Bank of Bikaner & Jaipur, the State Bank of Hyderabad, the State Bank of Mysore, the State Bank of Patiala and the State Bank of Travancore with the help of 51 financial ratios related to capital adequacy, asset quality, management efficiency, earning quality,
liquidity position and profitability of the State Bank of India and its associate banks in India.

The major findings are presented below

i. The cash deposit ratio of State Bank of India showed an upward trend till in the year 2011 and subsequently it declined to 5.18 per cent and 5.47 per cent in the subsequent years. It is also found from the analysis that out of seven associate banks of State Bank of India, the performance of State Bank of Hyderabad and State Bank of Travancore was comparatively better than other banks.

ii. The credit-deposit ratio of State Bank of India showed an increasing trend for the entire study period of 2003 to 2013. It is also found from the analysis that State Bank of India had a higher credit-deposit ratio of more than 80 per cent for the period during 2011 to 2013. The analysis also revealed that all the associate banks had a credit-deposit ratio of more than 75 per cent after the year 2010.

iii. State Bank of India and all its associate banks showed a declining trend in investment to deposit ratio during the study period. State Bank of India showed a declining trend for the entire study
period except for the years 2008 and 2009. It was also found that State Bank of Mysore maintained its investment to deposit ratio around 29.5 per cent for the period between 2010 to 2013 whereas State Bank of Travancore maintained its investment to deposit ratio around 31 per cent for the period between 2010 to 2013.

iv. The State Bank of India and all its associate banks had a (Credit + Investment) to Deposit Ratio of more than 100 per cent for the period between 2003 to 2013 except for the year 2010 where State Bank of India had 36.78 per cent and State Bank of Patiala had 99.94 per cent.

v. The State Bank of India had its deposit to total liabilities ratio of around 76 per cent for the period between 2006 to 2013 whereas the associate banks had a deposit to total liabilities ratio of more than 80 per cent for the same period.

vi. The term deposit to total deposit ratio of State Bank of India showed a declining trend for the period of 2003 to 2013.
vii. The State Bank of India had a comparatively lower Priority Sector Advances to Total Advances ratio than all its associate banks for the period 2003 to 2013.

viii. The State Bank of India and all its associate banks showed an increasing trend in Term Loan to Total Advances ratio for the period 2003 to 2008, but showed a negative growth for the period 2010 till 2013.

ix. State Bank of India, State Bank of Bikaner and Jaipur and State Bank of Travancore showed a declining trend in secured advances to total advances ratio for the period 2003 to 2008 and showed an increasing trend for the period 2010 to 2013.

x. State Bank of India had a higher per cent of non approved securities to total investments ratio except for the year 2003 and 2012. It was also found that among the associate banks, State Bank of Travancore and State Bank of Mysore had a non-approved securities to total investments ratio of more than 10 per cent for the period 2009 to 2013.

xi. State Bank of India and all its associate banks had a low interest income to total assets ratio per cent for the period 2005 to 2007.
xii. State Bank of Bikaner and Jaipur, State Bank of Indore, State Bank of Mysore, State Bank of Punjab, State Bank of Saurashtra and State Bank of Travancore had higher net interest income ratio per cent during 2003 to 2006 than any other period. Also all the banks recorded a consecutive drop in net interest margin to total assets ratio for the year 2007 and 2008.

xiii. The banks showed a declining growth in Non-Interest Income to Total Assets ratio per cent after the year 2008 till 2013. Also from the analysis it was evident that all the banks had their highest Non-Interest Income to Total Assets ratio in the year 2004 than all the other study period.

xiv. In 2008, State Bank of India had higher intermediation cost to total assets ratio than all other associate banks till 2013 except for the year 2011. It was also found that SBI had an intermediation cost to total assets ratio of around 2 per cent from 2010 to 2013.

xv. The State Bank of India had comparatively higher wage bills to intermediation cost ratio for the period 2007 to 2009 than all other banks. But for the period 2011 to 2013 State Bank of Hyderabad had higher bills to intermediation cost ratio than all
other banks and State Bank of Mysore had the lowest ratio for the same period.

xvi. All the banks showed a declining trend in wage bills to expense ratio for the year 2007 and 2008. Also from the analysis it was found that from the year 2007 SBI had comparatively higher wage bills to expense ratio than all other associate banks.

xvii. The State Bank of India had the highest wage bills to total income ratio than other associate banks comparatively for the year 2012 and 2013. State Bank of Patiala had the lowest ratio in comparison with other banks for the period 2012 and 2013.

xviii. The banks showed a declining trend in the burden to total assets ratio for the year 2008. Further State Bank of Bikaner and Jaipur registered a flat growth of 1.08 per cent for the period 2011 to 2013.

xix. The State Bank of India showed an increasing trend in burden to interest income ratio for the period 2009 to 2013. State Bank of Travancore showed a burden to interest income ratio of more than 9 per cent for the period 2010 to 2013.
xx. The operating profit to total assets ratio for all the associate banks was high for the period 2003 and 2004 than any other in study period. It was also observed that all the banks other than State Bank of Mysore showed a drop in operating profits to total assets ratio for the year 2013.

xxi. In the entire study period of 2003 to 2013, State Bank of India, State Bank of Bikaner and Jaipur and State Bank of Hyderabad had their highest return on assets ratio in the year 2011.

xxii. The State Bank of Hyderabad’s Return on equity ratio was more than 20 per cent for the entire study period other than 2005 and 2013. Similarly State Bank of Travancore had a decline in the return on equity ratio of less than 20 per cent only during 2012 and 2013.

xxiii. The cost of deposit ratio was around 4.50 per cent during the period 2005 and 2006 for all the banks. The ratio was around 6 per cent for all the banks during the period 2009 and 2010 other than SBI. State Bank of Patiala had comparatively higher cost of deposit ratio than all other banks during the period 2008 to 2011.
xxiv. The cost of borrowing ratio showed a significant increase in the year 2012 for all the banks than compared with any other study period.

xxv. The cost of funds ratio showed an increasing trend for the period 2011 to 2013 for all the banks. Also all the banks showed a declining trend in the ratio for the period 2003 to 2006.

xxvi. The return on advances ratio was less than 10 per cent for SBI during the entire study period. After 2007, the return on advances ratio was around 10 per cent for all the associate banks of State Bank of India.

xxvii. All the banks showed a steady increase in the return on investments ratio till 2013.

xxviii. The Return on advances adjusted to cost of funds ratio of all associate banks was comparatively higher than SBI for the period 2010, 2011 and 2013. The analysis also revealed that State Bank of Mysore had an advances adjusted to cost of funds ratio of around 4 per cent from 2004 till 2013.
xxix. The return on investments adjusted to cost of funds ratio showed a declining trend for all the associate banks of State Bank of India for the period 2003 to 2013.

xxx. The State Bank of India and all its associate banks showed an increasing trend in the business per employee ratio for the period from 2003 to 2013. From the analysis it is also evident that till 2010 State Bank of Patiala had the highest business per employee ratio and from 2011 State Bank of Hyderabad had the highest ratio.

xxxi. The profit per employee ratio was the highest for State Bank of Travancore during the period 2009 to 2011 and was the highest for State Bank of Hyderabad for the year 2012 and 2013.

xxxii. The State Bank of India had the lowest Tier 1 CAR for the year 2011 in comparison with the rest of the study period.

xxxiv. The Ratio of net NPA to net advances for all the associate banks of State Bank of India showed an increasing trend from 2008 till 2013.

xxxv. The State Bank of Saurashtra had maximum capital to reserve ratio (100.82 per cent) than other banks during the year 2003 and followed by State Bank of Mysore with 9.11.

xxxvi. The State Bank of India maintained its Statutory Reserve to Total Reserve Ratio at satisfactory level except in the year 2009 due to overall economic crises in the World.

xxxvii. The State Bank of India had maximum Saving Bank Deposit to Total Deposit Ratio in the year 2013 with 35.45 per cent and the minimum of 22.21 per cent in the year 2003.

xxxviii. Among the banks under study, the State Bank of India and the State Bank of Patiala had the maximum ratio in all the years under study.

xxxix. The ratio of Deposit to Borrowings of the State Bank of India had reduced from year-to-year during the study period.
xl. The capital to total liability of the State Bank of India was very low throughout the study period with maximum of 0.14 in the year 2003 and minimum of 0.04 in the year 2014.

xli. The State Bank of India maintained more than 74 per cent in all years of study. It is also found that other associate banks also maintained more than 73 per cent during the years of study.

xlii. The State Bank of India had minimum of 2.48 per cent in the year 2003 and the maximum of 10.8 per cent in year 2013.

xliii. The State Bank of India had minimum of 1.23 in the year 2011 and maximum of 21.19 in the year 2012.

xliv. The ratio of Cash in hand to balance with RBI of the State Bank of India was ranging from 6.67 per cent to 12.56 per cent.

xlv. The State Bank and its associate banks maintained a good position in the deposit to investment ratio throughout the study period.

xlvi. The State Bank of India had very abnormal ratio in the year 2012 and 2013 due to more borrowings.
xlvii. The State Bank of India had maximum of Investment to Total Asset Ratio in the year 2003 with 45.85 and minimum in the year 2012 with 22.98.

dxlviii. The State Bank of India had maximum of Investment to Advance Ratio in the year 2003 with 125.11 and minimum in the year 2012 with 33.85.

gxlix. All the banks under study maintained a good Advances in Priority Sector and Public Sector Ratio in all the years of study.

l. Fixed Asset to Total Asset Ratio of the State Bank of India was ranging from 0.27 to 0.65 during the period of study.

6.3. Problems and Suggestions of the Study

The following major problems are identified by the researcher during the course of study. The researcher offers appropriate suggestions for solving the problems so as to improve the financial performance of the State Bank of India and its Associate Banks.

6.3.1. Management of Risks

All the banking companies face various risks namely, credit risk, concentration risk, market risk, interest rate risk, currency risk, equity risk,
commodity risk, liquidity risk, refinancing risk, operational risk, country risk, legal risk, model risk, political risk, valuation risk, reputational risk, volatility risk, settlement risk, profit risk and systemic risk. These risks influence the financial performance of the banking companies.

In order to solve the above mentioned problem, it is suggested that the bank must formulate an appropriate policies to control the above mentioned risks by adopting systematic and scientific approaches.

6.3.2. Growth of Banking

The banking system in India is the most extensive. The total asset value of the entire banking sector in India is nearly US$ 270 billion. The total deposits are nearly US$ 220 billion. Banking sector in India has been transformed completely. Presently the latest inclusions such as Internet banking and Core banking have made banking operations more user friendly and easy. But compared to other developing countries in the World, the growth of Indian Banking Sector is not at the comfortable level because of the traditional practice approaches in the operations of the bank.

Indian banks are having favourable advantages because of the population and also many of them are middle income group. In order to solve the above

mentioned problem, the bank must adopt modern approaches and latest technologies to improve the overall business in the banks and provide better service to the customers and investors of the bank.

6.3.3. Market Discipline and Transparency

Banking industry contains disciplinary mechanisms that can reinforce the efforts of supervisors by rewarding banks that manage risk effectively and penalising those whose risk management. Market discipline, however, can only work if market participants have access to timely and reliable information which enables them to assess a bank's activities and the risks inherent in those activities. Improved public disclosure strengthens market participants' ability to encourage safe and sound banking practices. It provides general guidance to banking supervisors and regulators as they formulate and improve regulatory frameworks for public disclosure and supervisory reporting, and to the banking industry on core disclosures that should be provided to the public. It is known fact that Indian banking industry is not fully transparent and made public. Transparency is so important for any industry especially banking industry to provide better service to the Stakeholders.
In order to solve the above mentioned problem, it is suggested that the banking companies should have a policy mechanism to disclose every thing to the stakeholders so that they are taking the decisions in time for their interest.

6.3.4. Human Resource Management

Efficient human resource management is one of the most essential requirements for survival in this competitive world. The human cost is the major component of the total cost of operations of any industry. As the banking industry in India is highly labour internship, it is highly necessary to make use this resource to get maximum output from them.

In order to solve the above mentioned problem, it is suggested that the banks must adopt appropriate policies in their processes of recruitment and provide them modern and latest trainings so that all the employees who are working in the banks will be well versed with banking technologies and provide better services to the customers.

6.3.5. Financial Inclusion
Financial inclusion has become a necessity in today’s business environment. Whatever is produced by business houses, that has to be under the check from various perspectives like environmental concerns, corporate governance, social and ethical issues. Apart from it to bridge the gap between rich and poor, the poor people of the country should be given proper attention to improve their economic condition. The role of banking companies in the financial inclusion of the country is highly inevitable and therefore every bank should have clear cut policies for the smooth functioning of the bank and help in the processes of financial inclusion.

6.3.6. Employees’ Retention

Banking industry in India is one of the top employment providers in the country. The recruitments happen throughout the year. Though, India is a country where huge unemployment problems are prevailing but this is not a case in certain areas of operations. So banks are also having the problem of labour turnover in certain levels of management. As a result, the banks are also facing problem to retain the existing employees and spend more cost for recruiting new employees.

In order to solve the above mentioned problem, it is suggested that the banks must introduce a favourable remunerative policies for the employees periodically. It is also suggested that the workers’ participations in management is
also encouraging to strengthen the efficiency in the labour management and retain the existing employees.

6.3.7. Customer Retention

The economic reforms have also generated new and powerful customers (huge Indian middle class) and new mix of players (public sector units, private banks, and foreign banks). The emerging competition has generated new expectations from the existing and the new customers. There is an urgent need to introduce new products. Existing products need to be delivered in an innovative and cost-effective way by taking full advantage of emerging technologies. The biggest opportunity for the Indian banking system today is the Indian consumer. Demographic shifts in terms of income levels and cultural shifts in terms of lifestyle aspirations are changing the profile of the Indian consumer. The Indian consumer now seeks to fulfil his lifestyle aspirations at a younger age with an optimal combination of equity and debt to finance consumption and asset creation. This is leading to a growing demand for competitive, sophisticated retail banking services. This thesis explains the changing banking scenario, the impact of economic reforms and analyses the challenges and opportunities of national and commercial banks. The success of any institution including banks is based on the retention of the existing customers. If the services offered by the banks are not satisfied to the customers, they will immediately move to another best service
providing bank. Therefore, it is necessary to provide better service to the customers by the way of equipping modern facilities including air conditioning, drinking water, sufficient waiting space with first aid facilities and separate facility for women customers.

6.3.8. Social and Ethical Aspects

There are some banks, which proactively undertake the responsibility to bear the social and ethical aspects of banking. This is a challenge for commercial banks to consider these aspects in their working. Apart from profit maximization, commercial banks are supposed to support those organizations, which have some social concerns. Therefore, it is suggested that the banks must sponsor schemes meant for poor and needy in the society including schools and colleges.

6.3.9. Management of Non-Performing Assets

Managing non-performing assets is the major problem of many of the Indian banking companies including the study units. It leads to restrict the financial results and availability of liquid resources of the company. Though the Reserve Bank of India provides many recommendations to control the non-performing assets, the position of many banks is still not encouraging. Therefore, it is suggested that the bank must take some serious measures to control non-
performing asset positions by the way of introducing effective loan recovery
mechanism to mobilize all the dues from the borrowers.

6.4. Conclusion

The financial sector in India had an overall growth of 15 per cent, which
has exhibited stability over the last few years although several other markets
across the Asian region were going through turmoil. The development of the
system pertaining to the financial sector was the key to the growth of the same.
With the opening of the financial market variety of products and services were
introduced to suit the need of the customer. The reforms pertaining to the
monetary policies and the macro economic policies over the last few years have
influenced the Indian economy to the core. The major step towards opening up of
the financial market further was the nullification of the regulations restricting the
growth of the financial sector in India. To maintain such a growth for a long term
the inflation has to come down further. The Reserve Bank of India (RBI) plays a
dynamic role in the growth of the financial sector of India. Indian financial
system is one of the best systems in the World because of systematic and
continuous monitoring system followed by the Reserve Bank of India. The Indian
Banking sector plays a key role in the Indian Financial System. The Indian
banking system consists of both private sector and public sector banks which
provide all kinds of financial services to the vast population of this country. The
banking services are available to all the parts of the country because of opening of new banking branches by the both private sector and public sector banks. Because of this reason, the economy of the country has been growing year-after-year. Though the India has many banks in the money market which provides various financial services to the needy, the role of State Bank of India and its Associate Banks in this mission is very high through its vast networks and various infrastructural facilities. Thus, the State Bank of India and its associate banks are truly shaping itself as a national institution of major financial importance. It has helped in making more effective Government control over the country’s money market. It has extended appreciably banking facilities to rural and other areas lacking badly in such facilities. The bank massive resources are made available to the high priority sectors of the economy according to the objectives of planned development. To achieve so much in such a short time is highly creditable indeed. The economic reforms initiated by the Government of India about two decades ago have changed the landscape of several sectors of the Indian economy. The Indian banking sector is no exception. This sector is going through major changes as a consequence of economic reforms. The role of banking industry is very important as one of the leading and mostly essential service sectors. India is the largest economy in the world having more than 120 crore population. Today in India the service sector is contributing half of the Indian GDP and the banking is