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A STUDY OF NON-PERFORMING ASSETS IN STATE BANK OF INDIA

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ABSTRACT

Banking sector is the fast growing sector of any nation. To day, banking sector is becoming more complex. With the advent of the modernisation and automation, the ease of obtaining loans and advances has increased. There are many new products available in the market to advance loans. The business gets accelerated with the bank loans and as a result, economic position gets enriched. On the other hand, while the loans are not repaid, it questions the income and performance of the bank by itself. While the bank's loan helps the development of an industry, when the loans and advances become a nonperforming asset, it creates a negative impact on the bank's credibility and performance.

INTRODUCTION

Finance is the life blood of every activity. It is the basic for socio-economic growth. It acts as a catalytic agent, so it is a great necessity. The role of finance in the economic development of a country is recognized. To meet this growing need of finance, the banking system was strengthened during the early period of independence in India. This is the core of the money market in economy. The banks are the most important segments of the financial sector. Generally, banks collect money from those who have spare money or who try to save it out of their income and lend this money out to those who require it. This mechanism of providing finance is a highly useful necessity in any community.

In the modern era, the process of globalization has mainly its huge influenced on the Indian banking industry. In the post liberalization period, there was an ardent need to bring about structural changes in the Indian banking system so as to make it economically viable and competitively strong. Therefore, the Government of India set up a High Level Committee with Mr. M. Narasimham, a former Governor of RBI, as chairman to examine all respects relating to the structure, organization, functions and procedures of the financial system. Based on the recommendations of the Narasimham Committee, the first phase of Financial Sector Reforms was initiated in 1991. Even though these reforms pump a vibrant action in the banking sector,

many banks faced a problem of negative profitability due to non-recovery debts from the borrowers. The non-recovery of debts is known as Non-Performing Assets.

STATE BANK OF INDIA (SBI)

State Bank of India is the oldest public sector bank in Indian banking sector. SBI has its head quarters at Mumbai. SBI is the 43rd largest bank in the world and ranked 236th in the Fortune Global 500 list of the world's biggest corporations of 2019. As a nationalised bank, it is one of the largest employers in the country with 2,45,652 employees as on 31 March 2021.

NON-PERFORMING ASSETS (NPA)

A strong banking sector has always been an important factor for economy to flourish. Once the banking sector fails, it always has negative effect on the other sectors. Non-performing Assets have always been one of the major concerns in India. Reserve Bank of India defines NPA as any advance or loan that is overdue for more than 90 days. "An asset becomes non-performing when it ceases to generate income for the bank," said RBI in a circular form 2007. It is an advance or loan where;

1. For 90 days' time interest or instalment of principal amount may remain overdue.
2. The account an overdraft or cash credit with respect of it may remain out of order as it is indicated below.
3. In case the bills are purchased or discounted then they remain overdue for more than 90 days period.
4. The instalment for two of the crop seasons for short duration of crops remain overdue whether it is principal or interest. The instalment for long duration crops therefore remains overdue whether its interest or principal amount.
5. The instalment therefore remains overdue for one crop season for long duration crops of principal or interest.
6. In respect of a securitization transaction that has been undertaken like in terms of guidelines on securitization dated February 1, 2006. For more than 90 days the amount of which like of liquidity facility will remain outstanding.

NPA affect the smooth flow of credit and profitability as higher NPAs mean higher provisioning which reduces the profit. These are loans and advances whose

time period for payment of interest and principal has exceeded 90 days. In this case the account of person is marked as out of order. If the loan is granted to a person for agricultural purpose the instalment period for interest might remain due for two harvest seasons. Non-performing assets tell about the banks as the institutions of finance and companies judge their non-performing assets through NPA and higher the NPA means bad performance of the institute of finance.

STATEMENT OF THE PROBLEM

Non-Performing Assets of banks are one of the biggest hurdles in the way of socio-economic development of India. The level of NPA of the banking system in India is still too high. This study aims at an analysis of the financial performance of State Bank of India, in the present competitive, deregulated and technologically improved banking environment.

SCOPE OF THE STUDY

In this study, the financial performance and NPA of SBI has been analsyed for the period from 2010-2011 to 2018-2019 . It is analysed separately because of pandemic situation for a period of 2 years 2019-2020 and 20202021. During these period, the banks are coming under abnormal differences.

OBJECTIVES OF THE STUDY

- To analyse the financial performance of State Bank of India
- To analyse the non- performing assets of State Bank of India
- To analyse the asset quality of State Bank of India

RESEARCH METHODOLOGY

Research Design

The present study is descriptive in nature as its analyses the secondary data to derive results.

Data Collection

This research is mainly based on secondary data. Appropriateness and availability of data are very important to carry out this research. Secondary data have been obtained from the records and annual reports of SBI and other journals, published theses and unpublished theses.

Period of the Study

Secondary data for selected parameters of SBI have been collected for last 11 years *i.e.* from year 2010-2011 to 2020-2021.

Tools Used

The secondary data has been analysed by using Mean, Standard Deviation, Co-efficient of Variation, Compound Annual Growth Rate (CAGR)

LIMITATIONS OF THE STUDY

- The study on management of Non-Performing Assets is limited to State Bank of India
- Non-Performing Assets of SBI is analyzed on the basis of selected period of 11 years. So the study is limited by time.
- The study is limited to the published secondary data of annual reports of RBI, Reserve Bank of India Publications, various issues of Economic Review of RBI, Statistical tables relating to banks in India .

- Only quantitative aspect has been taken into consideration for analyzing the NPA of SBI , while qualitative aspects also play a major role in terms of financial performance of the bank.

ANALYTICAL FRAMEWORK

CAMEL model is a guiding appraisal system first developed in the United States to classify a bank's overall position. Estimates are assigned on the basis of a proportional analysis of financial statements, in conjunction with on-site selections by designated regulation. The acronym 'CAMEL' derives from the five main segments of a bank's operations: Capital Adequacy, Asset Quality, Management Efficiency, Earning Capacity and Liquidity.

The present study has employed Asset quality ratios for analysing the financial performance of State Bank of India (SBI) in relation to NPA for the period of 11years. The important Asset quality ratios are,

- Gross NPA to Total Advances Ratio
- Net NPA to Total Advances Ratio
- Provision for NPA Ratio
- Credit Risk Provision Ratio
- Investment in Government Securities to Total Investments Ratio
- Cost to Income Ratio
- Priority Sector Advances to Total Advances Ratio

ASSETS QUALITY RATIO

This ratio shows the stability of the bank when faced with specific risks. Asset quality is reflected on the performance of a bank's investment policies and practices, for example, non-performing assets produce negative effect on the productivity of the bank.

Gross NPA to Total Advances Ratio

A loan transforms into NPA when the principal amount or interest is not received for a period of three months. When the gross NPA ratio goes very high, it indicates that the bank's asset quality is very poor, the lower the ratio, the better it is. A salient feature is that this ratio is a very robust standard to test the asset quality of a bank. Gross NPA to Total Advances ratio is calculated with the following formula:

Gross NPA to Total Advances Ratio = Gross NPA / Total Advances X 100

TABLE -1

Gross NPA to Total Advances Ratio of State Bank of India

(` in crores)

Year	Gross NPA (₹)	Total Advances (₹)	Ratio
2010-2011	25,326	7,56,719	3.35
2011-2012	39,676	8,67,579	4.57
2012-2013	51,189	10,45,616	4.90
2013-2014	61,605	12,09,828	5.09
2014-2015	56,725	13,00,026	4.36
2015-2016	98,173	14,63,700	6.71
2016-2017	1,12,343	15,71,078	7.15
2017-2018	2,23,427	19,34,880	11.55
2018-2019	1,72,750	21,85,876	7.90
2019-2020	1,49,091	23,25,290	6.41
2020-2021	1,26,389	24,49,498	5.16
Mean	*93468.22 **101517.64	*1370589.11 **1555462.73	*6.18 **6.10
SD	*62577.16 **59320.43	*446998.49 **563899.27	*2.35 **2.15
CV	*66.95 **58.43	*32.61 **36.25	*38.07 **35.19
CAGR (in %)	*23.78 **16.63	*12.51 **11.26	*10 **4.01

* indicates average Gross NPA to Total Advances ratio of SBI for the period 2010-2011 to 2018-2019

** indicates average Gross NPA to Total Advances ratio of SBI for the period 2010-2011 to 2020-2021 including the COVID- 19 pandemic period of 2019-2020,2020-2021. These indication of the marks ,* and ** will be applicable for the other statistical measures of SD,CV and CAGR.

Source: SBI Annual Reports from 2010-2011 to 2020-2021

Table -1 clearly shows that Gross NPA to Total Advances ratio is highest (11.55%) in the year 2017-2018. The ratio is lowest (3.35%) in the year 2010-2011. The mean value of the Gross NPA to Total Advances ratio is 6.10. The standard deviation is 2.15 and the co-efficient of variation is 35.19. The CAGR is 4.01 per cent which indicates a decreasing trend. There has been no major variance in the performance except in the year 2017-2018.

A notable fact is that while the average value of this ratio for the period 20102011 to 2018-2019, (excluding the pandemic period of 2020-2021) was only 6.18, is registered an minor decrease to 6.10 during the period from 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to 2020-2021). This ratio was decreased to 6.10 per cent, thereby registering a very little

decrease by 0.08 per cent. Such a thing could be noticed in the other statistical methods of SD, CV and CAGR of this ratio.

Net NPA to Total Advances Ratio

Net NPA is the amount of gross NPA minus provisions for NPA. Banks must maintain a general provision on standard assets as per the guidelines of RBI. The health of a bank is better indicated by Net NPA. Net NPA affects the liquidity and profitability of the bank. Net NPA mainly depicts a bank's total burden and hence, a lower ratio is preferred. Net NPA to Total Advances ratio is calculated with the following formula:

Net NPA to Total Advances Ratio = Net NPA / Total Advances X 100

TABLE -2

Net NPA to Total Advances Ratio of State Bank of India

(` in crores)

Year	Net NPA (₹)	Total Advances (₹)	Ratio
2010-2011	12,347	7,56,719	1.63
2011-2012	15,819	8,67,579	1.82
2012-2013	21,956	10,45,616	2.10
2013-2014	27,590	12,09,828	2.57
2014-2015	27,591	13,00,026	2.12
2015-2016	55,807	14,63,700	3.81
2016-2017	58,277	15,71,078	3.71
2017-2018	1,10,855	19,34,880	5.73
2018-2019	65,895	21,85,876	3.01
2019-2020	51,871	23,25,290	2.11
2020-2021	36,809	24,49,498	1.35
Mean	*44015.22 **44074.27	*1370589.11 **1555462.73	*6.18 **2.72
SD	*30023.66 **27346.90	*446998.49 **563899.27	*2.35 **1.22
CV	*68.21 **62.05	*32.61 **36.25	*38.07 **44.73
CAGR (in %)	*20.45 **10.44	*12.51 **11.26	*7.05 **-1.7

* indicates average Net NPA to Total Advances ratio of SBI for the period 2010-2011 to 20182019

** indicates average Net NPA to Total Advances ratio of SBI for the period 2010-2011 to 20202021 including the COVID-19 pandemic period of 2019-2020,2020-2021. These indication of the marks ,* and ** will be applicable for the other statistical measures of SD,CV and CAGR.

Source: SBI Annual Reports from 2010-2011 to 2020-2021

Table -2 clearly indicates that Net NPA to Net Advances ratio is at its peak (5.73%) in the year 2017-2018. The ratio is lowest (1.35%) in the year 2020-2021. The mean value of the Net NPA to Total Advances ratio is 2.72. The standard deviation is 1.22 and the co-efficient of variation is 44.73. The CAGR is -1.7 per cent which indicates negative trend. This ratio compares the proportion of net non-performing assets to the advances. That is, out of the total loans and advances extended by the bank, the proportion of the assets that is remaining unpaid. It can be concluded that the bank has shown satisfactory level of performance during the study period. NPA under 3 per cent is considered as manageable. Hence, in all the years, the overall performance of the bank except 2017-2018 is good.

It is interesting to note that while the average value of this ratio for the period 2010-2011 to 2018-2019, (excluding the pandemic period of 2020-2021) was only 6.18, it fell to 2.72 during the period from 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to 2020-2021). This ratio was reduced to 2.72 per cent, thereby registering a decrease in it by 3.46 per cent. SD and CAGR values increased except CV.

Provision for NPA Ratio

Most commonly, banks set aside a portion of their gain as a provision against bad loans. A huge hype in Provision for NPA ratio indicates that most of the asset quality issues are fixed and care must be taken. This means that the bank is not at risk. Provision for NPA ratio is calculated with the following formula:

Provision for NPA Ratio = Provision for NPA / Gross NPA X 100

TABLE -3

Provision for NPA Ratio of State Bank of India

(` in crores)

Year	Provision for NPA (`)	Gross NPA (`)	Ratio
2010-2011	8,792	25,326	34.72
2011-2012	11,546	39,676	29.10
2012-2013	11,368	51,189	22.21
2013-2014	14,224	61,605	23.09
2014-2015	17,908	56,725	31.57
2015-2016	26,984	98,173	27.49
2016-2017	32,247	1,12,343	28.70
2017-2018	70,680	2,23,427	31.63
2018-2019	54,529	1,72,750	31.57
2019-2020	42,776	1,49,091	28.69

2020-2021	27,244	1,26,389	21.56
Mean	*27586.44 **28936.18	*93468.22 **101517.64	*28.89 **28.21
SD	*21653.04 **18977.57	*66373.1 **59320.43	*3.89 **4.10
CV	*78.49 **65.58	*71.01 **58.43	*13.46 **14.53
CAGR (in %)	*22.47 **10.83	*23.77 **16.63	*-1.05 **-4.24

* indicates average Provision for NPA ratio of SBI for the period 2010-2011 to 2018-2019

** indicates average Provision for NPA ratio of SBI for the period 2010-2011 to 2020-2021 including the COVID-19 pandemic period of 2019-2020,2020-2021. These indication of the marks ,* and ** will be applicable for the other statistical measures of SD,CV and CAGR. Source: SBI Annual Reports from 2010-2011 to 2020-2021

Table -3 reveals that Provision for NPA ratio is highest (34.72%) in the year 2010 -2011. The ratio is lowest (21.56%) in the year 2020 - 2021. The mean value of Provision for NPA ratio is 28.21. The standard deviation is 4.10 and the co-efficient of variation is 14.53. The CAGR is -4.24 per cent which indicates a decreasing trend.

It is clear that while the average value of this ratio for the period 2010-2011 to 2018-2019, (excluding the pandemic period of 2020-2021) was only 28.89, it was decreased to 28.21 during the period from 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to 2020-2021). This ratio was decreased to 28.21 per cent, thereby registering an decrease in it by 7.13 per cent. There was minor variation in the values of SD, CV and CAGR.

Credit Risk Provision Ratio

The percentage of funds that a bank sets aside for concealing losses due to bad debts is the Credit Risk Provision ratio. It is also known as Provision Coverage Ratio (PCR). Credit Risk Provision ratio is calculated with the following formula:

Credit Risk Provision Ratio = Provision for NPA / Net Interest Income X 100

TABLE -4

Credit Risk Provision Ratio of State Bank of India

(` in crores)

Year	Provision for NPA (₹)	Net Interest Income (₹)	Ratio
2010-2011	8,792	32,526	27.00
2011-2012	11,546	43,291	26.67
2012-2013	11,368	44,329	25.64
2013-2014	14,224	49,282	28.86
2014-2015	17,908	55,015	32.55
2015-2016	26,984	57,195	47.18
2016-2017	32,247	61,860	52.13
2017-2018	70,680	74,854	94.42
2018-2019	54,529	88,349	61.72
2019-2020	63,207	2,57,323	24.56
2020-2021	65,375	2,65,150	24.66
Mean	*27586.44 **29346966.36	*56300.11 **93561.27	*44.01 **47426.05
SD	*21653.03 **92694282.85	*17072.45 **80389.90	*21.65 **149849.97
CV	*78.49 **315.86	*30.32 **85.92	*49.19 **315.97
CAGR (in %)	*22.48 **20.01	*11.74 **21.02	*9.62 **-0.82

* indicates average Credit Risk Provision ratio of SBI for the period 2010-2011 to 2018-2019

** indicates average Credit Risk Provision ratio of SBI for the period 2010-2011 to 2020-2021 including the COVID-19 pandemic period of 2019-2020,2020-2021. These indication of the marks,* and ** will be applicable for the other statistical measures of SD,CV and CAGR

Source: SBI Annual Reports from 2010-2011 to 2020-2021

Table-4 reveals that the net income achieved by the bank is transferred as provision for the loss arising due to non-performing assets. Higher the ratio indicates higher is the ability of the bank to make up the loss due to non-performing assets. During the year 2017-2018, the bank is able to provide for the loss on a very high proportion which indicates good coverage of the bank during that year. It can be noted that on the one side, there is an increasing coverage of bad loans, on the other side, a sizeable amount of profit is eaten up by the bad loans. The mean value of Credit Risk Provision ratio is 47426.05. The standard deviation is 149849.97 and the co-efficient of variation is 315.97. The CAGR is -0.82 per cent which indicates negative trend.

It is important to note that while the average value of this ratio for the period 2010-2011 to 2018-2019, (excluding the pandemic period of 2020-2021) was only 44.01, it increased to 47426.05 during the period 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to

2020-2021). This ratio was increased to 47426.05 per cent, thereby registering a drastic hike in it by 47382.04 per cent. SD and CV values increased except CAGR.

Investment in Government Securities to Total Investments Ratio

As per RBI guidelines, it is compulsory for banks to invest 19.5 per cent of their total deposits in Government securities, known as Statutory Liquidity Ratio (SLR). This ratio depicts the proportion of Government securities in the total investments. Generally, it shows the risk-taking ability of the bank. Higher value of the ratio indicates the risk free investments of banks. Only when there are sufficient funds available apart from the other investments, the risks in these investments can be afforded by the bank. Investment in Government Securities to Total Investments ratio is calculated with the following formula:

Investment in Government Securities to Total Investments Ratio =

Investment in Government Securities / Total Investments X 100

TABLE -5

Investment in Government Securities to Total Investments Ratio of State Bank of India

(` in crores)

Year	Investment in Government Securities (₹)	Total Investments (₹)	Ratio
2010-2011	2,28,716	2,95,601	77.37
2011-2012	2,72,121	3,12,198	87.16
2012-2013	2,57,700	3,50,927	73.43
2013-2014	3,11,860	3,98,800	78.20
2014-2015	3,83,412	4,95,027	77.45
2015-2016	3,70,369	4,77,097	77.63
2016-2017	5,84,060	7,65,990	76.25
2017-2018	8,58,916	10,60,987	80.95
2018-2019	7,73,528	9,67,022	79.99
2019-2020	8,20,333	10,46,955	78.35
2020-2021	1,05,708	13,51,705	7.82
Mean	*448964.67 **451520.27	*569294.33 **683846.27	*78.71 *72.24
SD	*233797.36 **250990.29	*289485.17 **352445.47	*3.60 **20.63
CV	*52.07 **55.59	*50.84 **51.54	*4.57 **28.56
CAGR (in %)	*12.31 **-6.77	*13.39 **15.94	*0.37 **-18.81

* indicates average Investment in Government Securities to Total Investments ratio of SBI for the period 2010-2011 to 2018-2019

** indicates average Investment in Government Securities to Total Investments ratio of SBI for the period 2010-2011 to 2020-2021 including the COVID-19 pandemic period of 20192020,2020-2021. These indication of the marks,* and ** will be applicable for the other statistical measures of SD,CV and CAGR.

Source: SBI Annual Reports from 2010-2011 to 2020-2021

From Table-5, it is clear that the amount of investments in Government securities is above 70 per cent in all the years during the study period. It is highest (87.16%) in the financial year 2011-2012. It is a sign of good fund management of the bank. The management of funds involves efficient capital budgeting decision. Such efficient management of the funds by the bank is required to overcome the loss created by the non-performing assets. The mean value of Investment in Government Securities to Total Investments ratio is 72.24. The standard deviation is 20.63 and the co-efficient of variation is 28.56. The CAGR is -18.81 per cent which indicates negative trend. As the higher ratio reveals the more secure investment, it is understood that investment in Government securities of SBI shows

satisfactory level during the study period. This ratio shows the bank's strategy as being high profit – high risk or low profit – low risk. Higher the ratio, safer is the indication.

It is understood that while the average value of this ratio for the period 2010-2011 to 2018-2019, (excluding the pandemic period of 2020-2021) was only 78.71, it was reduced to 72.24 during the period from 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to 2020-2021). This ratio was reduced to 72.24 per cent, thereby registering a fall by 6.47 per cent. SD and CV values increased except CAGR.

Cost to Income Ratio

Cost to Income ratio is basically used in estimating the profitability of a bank. It implies the efficiency of the bank. When the ratio is low, it depicts better and more profitability of the bank. There is a horizontal relationship between the Cost to Income ratio and bank's profitability. Cost to Income ratio is calculated with the following formula:

Cost to Income Ratio = Operating Cost / Operating Income X 100

TABLE -6

Cost to Income Ratio of State Bank of India

(₹ in crores)

Year	Operating Cost (₹)	Operating Income (₹)	Ratio
2010-2011	6,813	16,525	41.23
2011-2012	8,088	21,284	38.00
2012-2013	9,764	28,642	34.09
2013-2014	11,888	32,340	36.76
2014-2015	14,024	38,057	36.85
2015-2016	14,968	38,242	39.14
2016-2017	17,690	42,989	41.15
2017-2018	23,845	50,179	47.52
2018-2019	28,633	64,085	44.68
2019-2020	26,154	66,586	39.27
2020-2021	28,398	69,321	40.97
Mean	*15079.22 **17296.82	*36927.00 **42568.18	*39.90 **39.97
SD	*7281.21 **7804.86	*14592.60 **17274.60	*3.96 **3.60
CV	*48.28 **45.12	*39.51 **40.58	*9.92 **9.01
CAGR (in %)	*17.3 **13.85	*16.25 **13.92	*0.9 **-0.06

* indicates average Cost to Income ratio of SBI for the period 2010-2011 to 2018-2019

** indicates average Cost to Income ratio of SBI for the period 2010-2011 to 2020-2021 including the COVID- 19 pandemic period of 2019-2020,2020-2021. These indication of the marks ,* and ** will be applicable for the other statistical measures of SD,CV and CAGR.

Source: SBI Annual Reports from 2010-2011 to 2020-2021

From Table -6, it is noted that in the year 2010-2011, Operating Cost to Operating Income ratio is 41.23 per cent and then it gradually decreased up to the year 2015-2016. It showed the good performance of the bank. Afterwards in the year 20162017, it increased to 41.15 per cent. Further, in the year 2017-2018, it rose to 47.52. This is the highest per cent during the study period. The mean value of Cost to Income ratio is 39.97. The standard deviation is 3.6 and the co-efficient of variation is 9.01. The CAGR is -0.06 per cent which indicates negative trend. Lower the Cost to Income ratio indicates the efficient performance of the bank. When the ratio is higher, the company is not performing properly. The ideal per cent for Cost to Income ratio is between 60 and 80. Hence, it is concluded that the bank's operating level is satisfactory.

It is understood that while the average value of this ratio for the period 2010-2011 to 2018-2019, (excluding the pandemic period of 2020-2021) was 39.9, it was increased to 39.97 during the period from 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to 2020-2021). There is a slight increase in this ratio.

There was a decrease in the values of SD, CV and CAGR.

Priority Sector Advances to Total Advances Ratio

The Government of India and Reserve Bank of India consider some of the sectors as most important for the development of the basic needs of the country. These sectors are called as the priority sector and are to be given high preference over other sectors. It is mandatory for the banks to encourage the growth of such sectors with sufficient and timely credit. As per the guidelines of RBI, priority sector lending is 40 per cent of bank credit. Priority Sector Advances to Total Advances ratio is calculated with the following formula:

Priority Sector Advances to Total Advances Ratio =

Priority Sector Advances / Total Advances X 100

TABLE -7

Priority Sector Advances to Total Advances Ratio of State Bank of India

(` in crores)

Year	Priority Sector Advances (₹)	Total Advances (₹)	Ratio
2010-2011	2,31,632	7,56,719	30.61
2011-2012	2,50,177	8,67,579	28.84
2012-2013	2,64,313	10,45,617	25.28
2013-2014	2,80,819	12,09,829	23.21
2014-2015	2,88,952	13,00,026	22.23
2015-2016	3,28,552	14,63,700	22.45
2016-2017	3,41,258	15,71,078	21.72
2017-2018	4,48,359	19,34,880	23.17
2018-2019	5,20,730	21,85,877	23.82
2019-2020	5,55,937	24,22,845	22.95
2020-2021	5,99,442	25,39,394	23.61
Mean	*328310.22 **373651.91	*1370589.44 **1572504.00	*24.59 **24.35
SD	*96796.43 **127089.17	*474113.58 **589541.50	*2.94 **2.71
CV	*29.48 **34.01	*34.59 **37.49	*11.96 11.12
CAGR (in %)	*9.42 **9.03	*12.51 **11.63	*-2.75 **-2.33

* indicates average Priority Sector Advances to Total Advances ratio of SBI for the period 20102011 to 2018-2019

** indicates average Priority Sector Advances to Total Advances ratio of SBI for the period 20102011 to 2020-2021 including the COVID-19 pandemic period of 2019-2020,2020-2021. These indication of the marks ,* and ** will be applicable for the other statistical measures of SD,CV and CAGR.

Source: SBI Annual Reports from 2010-2011 to 2020-2021

Table -7 clearly shows that Priority Sector Advances to Total Advances ratio is highest (30.61%) in the year 2010-2011,followed by 28.84 per cent in the year 20112012. The ratio is lowest (21.72%) in the year 2016-2017. There is no noticeable difference in the remaining periods. It can be revealed that there is a slight variation in it during the period 2010-2011 to 2016-2017. The mean value of Priority Sector Advances to Total Advances ratio is 24.35. The standard deviation is 2.71 and the co-efficient of variation is 11.12. The CAGR ratio is -2.33 which indicates negative trend. It is the observance of the study that the bank has not reached the targeted 40 per cent priority sector advances during the study period from 2010-2011 to 2020-2021.

It is understood that while the average value of this ratio for the period 2010-2011 to 2018-2019, (excluding the pandemic period of 2020-2021) was 24.59, it was reduced to 24.35 during the period from 2010-2011 to 2020-2021 (including the two years pandemic period of 2019-2020 to 2020-2021). There is a meagre decrease in this ratio. There was a decrease in the values of SD, CV and CAGR.

Conclusion

From the analysis of asset quality of State Bank of India during the study period it is clear that the financial performance of a business had many up and downs. But till now bank shows continuous sustainability with good will and growth. In addition, the government has implemented so many recovery mechanisms. So, the future of the entire banking sector will find a good financial performance which lead to good economy.

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