IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A Study On Comparative Analysis On SBI & Union Bank Of India

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ABSTRACT

The banking industry, seamlessly integrated with the financial systems of our lives, is critical to every productivity. For day-to-day operations, every sector of the economy requires financial resources. According to this view, banking institutions are essential for the global economic growth of many countries. It has contributed significantly to building the state's infrastructure, creating employment opportunities and stimulating the economy. Descriptive analysis is done using the ratio analysis for two banks considering the particular timeframe. And the results were interpreted.

KEYWORDS: current ratio, financial statement, debt, equity, profit.

INTRODUCTION

Priority sectors are the group of economic activities identified when the idea of priority was developed. Priority Sector Loans (PSL) is a vital function of the Reserve Bank of India to provide banks with very few specific activities, small and micro enterprises, low income persons for housing, education students, other legal, income and work segment. classes. Rather than focusing only on the financial sector, it primarily aims at economic growth in all sectors.

Due to the socio-economic objectives that support priority sector lending, priority sector lending has become a prominent aspect of Indian banking. However, banks must maintain a legal liquidity ratio (SLR) of the specified amount and must set aside 40% for the priority segment from the remaining available funds. As a result, the economy suffers from "double whammy" due to high friction with resources. The financial report highlighted this issue and reminded the management of the need to restructure the priority sector's financing and SLR attribution.

The Reserve Bank's Standing Advisory Committee on Urban Cooperative Banks (UCBs), set up in May 1983, considered the need for primary (urban) Cooperative Banks (UCBs) to provide credit to priority sectors. The Reserve Bank's proposal was accepted by the committee and national central banks were directed to set credit targets for the priority sector personnel sector in line with those targets.

A bank is a financial institution that provides a wide range of financial services to its customers. Banks are primarily responsible for collecting deposits from customers and using those deposits to make loans and investments. Some of the key services offered by banks include:

a) **Checking and savings accounts**

b) **Loans and credit**

c) **Investments**

d) **Financial advice**

Banks are regulated by government agencies and are required to follow strict rules and regulations to ensure the safety and stability of the financial system. The banking industry plays a crucial role in the global economy by facilitating the movement of money and providing essential financial services to individuals and businesses.

STATE BANK OF INDIA

Industry	Government Of India & Ministry Of Finance
Managing Director	Challa Sreenivasulu Shetty
Founded	1st July 1955
Chairperson	Dinesh Kumar Khara
No of Employees	2,44,250
Headquarters	Mumbai
Number of locations	Over 15,000 branches & 5 Associate Banks.
Area served	Globally
Products & Services	SBI Business Loan, SBI Car Loan, SBI Credit Card, SBI Education Loan, SBI Gold Loan, SBI Home Loan, SBI Personal Loan.
Subsidiaries	SBI Card, SBI Life Insurance, SBI UK Limited, Nepal SBI Bank, SBI California Inc, SBI Canada Bank, SBI General Insurance, SBI Sydney, SBI Singapore, SBI Mauritius Limited

UNION BANK OF INDIA

Sector	Public sector
Chairman	Srinivasan Varadarajan
Founded	11th November 1919
CEO	A.Manimekhalal
No of Employees	75,500 as of 2023
Headquarters	Mumbai
Number of locations	9707 branches in 34 states
Area served	World Wide
Products	Banking cards & Accounts,Credit Cards,Cashback Cards,Home Loan,Personal Loan,Investments,Mutual Funds Online,Digital,Credit card & Debit card,
Subsidiares	BOB Financial Solutions Limited BOB Capital Markets Ltd Baroda Global Shared Services Ltd Nainital Bank Ltd BarodaSun Technologies Ltd

Financial analysis: -

With this technique, you might find and investigate the organization's monetary assets and shortcomings by laying out a connection between the accounting report and benefit and-misfortune account. Proportion examination is the calculation and correlation of monetary proportions got from information in an organization's fiscal summaries, for example, the asset report or benefit and misfortune account An organization's tasks, monetary well-being, and speculation engaging quality might be derived from this proportion level and its verifiable pattern.

LITERATURE REVIEW

Rao (1993) Studied on the analyzes to an important variables of tea industry and it has projected towards the future trends with regards to the sales and profit for the next upcoming 10 years & with a view towards helping the policy makers for taking appropriate decisions. He has been calculated different financial ratios for analysing the financial health for the industry. After doing analyzing the ratios, he found that the forecasting towards the sales and profits relating to tea manufacturing companies in the Indian tea industry is having bright prospects. **Aggarwal & Singla (2001)** He discovered related to the development of a index of single related to the financial performance through the techniques of Analysis of Discriminate of Multiple's is done by selecting the 11 ratios and ratios which are selected are used as an inputs. For the purpose of analysis, they selected the ratios, which were related for making distinguish between profit making units & loss-making units in an Indian paper industry. Therefore, he found the conclusion for model and has made an appropriate classification to 82.14% for a units selected to take a decision of profit and bearing a loss. This has mentioned in the study in an inventory turnover ratio. **Bosworth & Loundes (2002)** This study deals with the Performance of an Australian Enterprises Dynamically tries to examine the discretionary interaction of investments, innovation, productivity and profitability within the dynamic framework of firm performance. They made an attempt to set up a dynamic and closed model of performance of a firm and to results in an empirical model has been tested in a series to a recursive equation of the usage of 4-year balanced data to set a panel for an Australian firm has made drawn up to the Longitudinal Business Survey. By making comparatively analysis, they have proven that the current profit of an economic plays a vital role for an enabling firm to invest. They have specified the findings related to an investments and substitutes. **Patra (2005)** This Study has been impacted on the liquidity on the basis of profitability by taking into consideration of various ratios like current ratio & acid test ratio. Current assets are taken as Ratio of total assets, Ratio of inventory turnover, Ratio working capital, Turnover ratio of receivable, Turnover ratio of cash selected of two company's i.e Tata Iron & Steel Company has been Limited for the period of 1999 to 2005.They done the calculations by using mean, standard deviation, co-efficient variation, correlation and co-efficient of relation. RBI Bulletin (2005) Finance of the Foreign Direct Investment companies has done a studied on financial performance analysis using profit margin ratio, return on net worth ratio of selected 490 non-governments and non-financial Foreign Direct Investment (FDI) companies to the period from 2000-2003 has been considered through their audited annual accounts. This study has given conclusion to the results of the financial of selected company and given suggestion to improve the performance in the terms of sales in a higher growth in the value of production, manufacturing expenses and gross profit during 2002-03 has made compassion to the related growth rates in the previous year. **Choudhary (2007)** This study is relating to performance of the common stocks under alternative investment strategies by examining the relationship between investment performance of equity securities and alternative investment strategies based on the market capitalization, P/E ratio and EPS for the January 1997 to December 2005. He finded the analysis of lo market capitalization is low, P/E ratio, and earnings per share portfolios on average earned higher absolute rate of return than the high market capitalization, P/V ratio, and EPS portfolios respectively. They done a descriptive study on the topic of a "Measurement of Financial performance of South Africa's top companies''. This study is based on an exploratory investigation it is on the method of an empirical study, he also applied the accounting tools like ratio and applied statistical tools like mean, standard deviation, and z test. For the purpose of analysis, he has facilitated with the analysis and interpretation; the ZS cores of the sampled companies were expediently used to classify the companies into three categories like high, medium and low. **Bhunia, Mukhuti & Roy (2011)** have discussed about "Financial Performance Analysis-A Case Study". Its main point of study was to recognize the strengths and weaknesses of financial by two public sector drug & pharmaceutical enterprises under the BSE listed. To the cause of study, they have been chosen 12 years from 1997-98 to 2008-09. They analyzed the data by 59 using ratios, and statistical tools like A.M., S.D., C.V., linear multiple regression analysis and test of hypothesis t-test. **Gajera (2015)** observed in his research paper on the financial performance of private and public sector banks that there is a substantial gap in the financial performance of these banks and private sector banks in terms of capital adequacy relative to public sector banks**. Nutan Troke and P K Pachorkar (2012**) the study related that the private sector bank the percentage of other income in the total income is higher than public sector bank. Public sector bank depends on intent income for their efficiency and performance. The optional efficiency of private sector bank is better than public sector banks. Private sector banks use their assets quality better than public sector bank. **Dr. Dhana bhakyam & M.Kavitha (2012)** in their research used some important ratio analyses the financial performance of selected public sector banks such as ratio of advances to assets, ratio of capital to deposit, ratio of capital to working fund, ratio of demand deposit to total deposit, credit deposit ratio, return on average net worth ratio, ratio of liquid assets to working fund etc. **Aspal & Malhotra 2012** The purpose of this analysis is to assess the financial performance of Indian public sector banks, outside the State Bank Community, for the period 2006-11. The study found that Baroda's bank was in the first place with an overall composite ranking average of 6.05 due to its improved liquidity and asset quality performance, closely followed by Andhra Bank with an overall composite ranking average of 6.15 due to its strength in management productivity, capital adequacy and asset quality. The study advises that the United Bank of India improve its management performance, assets and earnings consistency. **Mahanta & Kakati, 2011** The paper discusses the internal credit rating models of public sector banks and measures their effectiveness using several criteria. Both models demonstrated bad results in at least one criterion. However, the degree of vulnerability differed significantly across models. The conclusions are tentatively based on his theory that the prevalence of weakness in the present collateral calculation is a significant cause of accounts developing into bad loans. **Selvarani (2013)** In the research article deals about the "Financial Analysis on Sundaram Clayton Limited". This paper main objective was to review the financial performance of Sundaram Clayton Limited which was a market leader in the field of air and assisted Brake actuation system for a scope to the wide range of commercial and earth moving vehicles in India. This study is done by the collected of secondary data from the annual reports of the company for the last 5 years 2006-2010.

OBJECTIVES OF THE STUDY:

To make comparisons between SBI & Union Bank of India ratios in different periods.

METHODOLOGY

Data was acquired from the annual report, books, and journals of the firm in order to provide a theoretical framework for the study. The prior 5 fiscal years' balance sheets and profit and loss statements are taken into account while computing various ratios. Descriptive analysis is done to conduct the study.

DATA ANALYSIS AND INTERPRETATION

SBI

YEAR	2018	2019	2020	2021	2022
Current Ratio	1.35	1.79	1.72	1.83	0.71
Solvency ratio	1	1	1	1	1
Return on equity	733	96	1623	2286	3549
Net working Capital	60,895.83	1,22,578.2	1,28,737.84	1,68,219.73	12,85,416
Net Profit ratio	- 0.82	0.19	6.38	15.78	17.22
Capital Turnover Ratio	0.06	0.07	0.07	0.06	0.06
Current Asset Turnover Ratio	0.93	0.88	0.83	0.72	0.09
Cost Of Income Ratio	1.34	1.89	1.66	1.90	2.30
Cash ratio	0.48	0.22	0.14	0.44	0.01
Debt Ratio	0.85	0.85	0.85	0.84	0.83

UBI

YEAR	2018	2019	2020	2021	2022
Current Ratio	1.93	2.00	1.38	1.41	1.351
Solvency ratio	1	1	1	1	1
Return on equity	445.33	-165.93	-91.06	44.37	82.31
Net working Capital	11,825,42	13,494,71	7,173,89	17,805,59	14,312,86
Net Profit ratio	15.84	8.55	8.11	4.08	7.63
Capital Turnover Ratio	0.07	0.07	0.07	0.06	0.06
Current Asset Turnover Ratio	1.35	1.27	1.45	1.13	1.24
Cost Of Income Ratio	1.33	1.56	1.41	1.38	1.46
Cash ratio	0.86	0.13	0.01	-0.44	-0.02
Debt Ratio	0.92	0.92	0.91	0.90	0.91

- Since the last five years, the two banks calculated ratios has met its standards, so the banks has sufficient resources to meet its short-term obligations and the situation is satisfactory.
- A firm's cost of Income is higher than standard, so it has the ability to pay off its short-term current liabilities at once with the help of quick assets.
- The company's cash ratio has been less than half of its current liabilities in the last 5 years. Hence, the fixed liquidity position is not satisfactory.
- A company's working capital shows how well the company is using its funds to meet its operations but here the company's performance has been fluctuating since the last 5 years so it is not efficient in using its money well.
- The company has more assets than liabilities, so this is a good sign and financially sound.
- A company’s credit payment high since from past 5 years.
- And also, debtor’s collection period also slow this is not good because company need a fund to meet routine operations activities.
- Bank net profit is also high so that it is inefficient in managing the business.

CONCLUSION: -

According to the bank's financial statement, it can be concluded that the bank's financial condition is strong based on its current ratio and its liquidity position, as well as its gross profit and net profit or he firm's liquidity situation is good; it can easily and without trouble cover its short-term loan commitments, and the business is appropriately employing its working capital, which they must enhance.

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