# A COMPARATIVE STUDY ON THE FINANCIAL STATEMENTS OF STATE BANK OF INDIA AND FEDERAL BANK OF INDIA DURING PRE COVID AND POST COVID

**Project Report**

Submitted by


**NIHALA K A (REG NO. AB22COM023)**

**NISNA SOBAN (REG NO. AB22COM024)**

**PARVATHY B NAIR (REG NO. AB22COM025)**


Under the Guidance of

**Dr. Ann Thomas Kiriyanthan**

*In partial fulfilment of requirements for the award of the degree of*

***Bachelor of Commerce***


**ST. TERESAS'S COLLEGE (AUTONOMOUS), ERNAKULAM**

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Re-accredited by NAAC with A++ Grade & CGPA 3.57 (4th Cycle)

Ranked 46th in NIRF 2024 | 3rd Rank in KIRF Ranking 2024

Affiliated to

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# CERTIFICATE

This is to certify that the project report titled **'A COMPARATIVE STUDY ON THE FINANCIAL STATEMENTS OF STATE BANK OF INDIA AND FEDERAL BANK OF INDIA DURING PRE COVID AND POST COVID'** submitted by **NIHALA K A, NISNA SOBAN** and **PARVATHY B NAIR** towards partial fulfillment of the requirements for the award of degree of **Bachelor of Commerce** is a record of bonafide work carried out by them during the academic year 2024-25.

DEPT. OF COMMERCE ERNAKULAM ST. TERESA'S COLLEGE

**Supervising Guide**

**Dr. Ann Thomas Kiriyanthan**
**Assistant Professor**
**Department of Commerce**

**Head of Department**

**Ms. Elizabeth Rini K.F.**
**Assistant Professor**
**Department of Commerce**

Place: Ernakulam

Date:28/03/2025

30/4/25

**Signature of the External Examiner**

## DECLARATION

We, **NIHALA K A, NISNA SOBAN** and **PARVATHY B NAIR** do hereby declare that this dissertation entitled **'A COMPARATIVE STUDY ON THE FINANCIAL STATEMENTS OF STATE BANK OF INDIA AND FEDERAL BANK OF INDIA DURING PRE COVID AND POST COVID'** has been prepared by us under the guidance of **Dr. ANN THOMAS KIRIYANTHAN**, Assistant Professor, Department of Commerce (Regular), St Teresa's College, Ernakulam.

We also declare that this dissertation has not been submitted by us fully or partly for the award of any Degree, Diploma, Title or Recognition before.

Nihala K A

**NIHALA K A**

**NISNA SOBAN**

**PARVATHY B NAIR**

**Place: Ernakulam**

**Date:28/03/2025**

## 1.1 INTRODUCTION

Financial statements are records that provide an identification of the organization's financial status. It helps the firms in decision-making. Financial statements provide information about the financial position, performance and change in the financial position of an enterprise. Financial statement analysis is the process of critical evaluation of financial information contained in the financial statements to understand and make decisions regarding the firm's operation.

The term financial statement analysis includes both analysis and interpretation. Through this study of financial statement analysis of banks like Federal Bank and State Bank of India, we analyse and interpret the company's financial statements like profit and loss account, balance sheet etc to interpret their results.

This study is conducted to thoroughly examine the profitability, performance and financial position of Federal Bank and State Bank of India. As both the banks are competitors we can critically analyse and evaluate their current performance and can draw reliable conclusions whether these firms are heading towards growth or they decline during these previous years. These financial statements analysis of both the banks helps to examine the past and current financial data for the purpose of evaluating performance and estimating future risk and potential of both the firms.

CAMELS approach and rating system is one of the main tools used which helps one to identify the financial institutions' strengths and weaknesses. More importantly, the approach is helpful to identify the solvency and insolvency position of the institution. It helps to identify a failing institution at the right time. Therefore, this helps to take corrective measures and save them

## 1.2. STATEMENT OF THE PROBLEM

The banking industry plays a crucial role in India's economic growth by providing financial services to individuals, industries, and businesses. With increasing competition between public and private sector banks, understanding their performance and service quality is essential. Among the leading banks in India, the State Bank of India (SBI) and Federal Bank represent two distinct banking models—SBI as a large public sector bank and Federal Bank as a private sector bank focused on technology and innovation.

SBI, as the largest public sector bank in India, has an extensive network of branches and ATMs, making banking services accessible across urban and rural areas. Its financial strength and government support provide stability and trust among customers. However, due to its vast size and traditional banking structure, SBI faces challenges such as slow service, long processing times, and delays in adopting new technology.

In contrast, Federal Bank is a well-established private sector bank known for its modern, technology-driven approach and efficient customer service. It offers quick loan approvals, advanced online banking services, and personalized customer experiences. However, compared to SBI, Federal Bank has a smaller branch network, which may limit its reach in rural areas where physical banking is still essential.

Both banks have unique strengths and weaknesses, making it necessary to analyse their customer service, financial performance, technology adoption, and overall operational efficiency. While SBI offers stability and accessibility, Federal Bank focuses on innovation and digital banking solutions to enhance convenience for customers.

With the rapid shift toward digital banking, it is crucial for both banks to adapt to new technologies. SBI has introduced platforms like YONO to improve its digital banking services, but integrating technology into its existing traditional systems remains a challenge. On the other hand, Federal Bank, being more flexible, has quickly adopted digital banking solutions, providing a smooth experience for its customers.

Another critical aspect is risk management. SBI, with its large customer base and vast loan portfolio, faces higher risks related to loan defaults and non-performing assets (NPAs). Federal Bank, although managing a smaller portfolio, must ensure financial stability while competing with larger banks. A comparative analysis of their risk management strategies helps in understanding their long-term sustainability.

This study aims to analyse SBI and Federal Bank based on financial performance, customer service, digital banking advancements, and risk management practices. Evaluating these factors provides valuable insights into their strengths, weaknesses, and competitive positioning within the Indian banking sector.

Overall, this study highlights key differences and challenges faced by both SBI and Federal Bank. The findings will help customers, investors, and policymakers in assessing banking services, making informed financial decisions, and understanding the evolving banking industry in India

## 1.3. OBJECTIVES OF THE STUDY

1. To judge the profitability and financial soundness of Federal Bank of India and State Bank of India and to make a comparative study of the financial performance of these two banks.

2.To analyse the financial statements of both banks in the PRE- and POST-COVID era to understand the impact of the pandemic on their financial health.

3.To utilize the CAMEL Model—Liquidity—as an innovative tool for evaluating the financial performance of banks.

4. To identify key differences between SBI (a public-sector bank) and Federal Bank (a private-sector bank) in terms of financial resilience and risk management strategies during the pre- and post-COVID periods.

5.To provide strategic recommendations for improving liquidity management, profitability, investment diversification, and overall financial stability for both banks.

## 1.4. SIGNIFICANCE OF THE STUDY

Financial statements reflect a bank's important financial information. It is an analytical tool meant to study financial statements so as to make the correct decision in regard to financial information. Therefore, both profit and loss account as well as the balance sheet of Federal Bank and SBI have been discussed here for studying their earning ability and profitability. It also allows for a comparative analysis between the two banks, which points out the respective strengths and weaknesses in critical financial areas. The analysis also shows whether or not the banks can meet their obligations, such as interest on deposits and dividends to the shareholders. It also detects the business trends of the two banks, tracing the developments in assets, loans, and deposits over time. It also provides relevant information to investors about the financial health, risks, and potential returns on these banks. Lastly, the analysis provides insight into the financial strength and stability of Federal Bank and SBI, making complex financial data clear and understandable for better decision-making and to provide data for investors, creditors, and other stakeholders to make decisions about investing, lending, or partnering with the company

A comparative study of bank financial performance is important because it helps investors, regulators, and policymakers make informed decisions. It also helps banks improve their performance and compete in the market. Investors can identify banks with strong financial performance, efficient operations, and good growth. Bank management can use insights to develop strategies to improve performance. Policymakers can use insights to identify areas for improvement and formulate policies to promote the banking industry. Researchers and academia can use insights to understand the factors that drive the financial performance of banks. Insights from comparative studies can help improve the banking sector for customers, investors, and the general public.

## 1.5. METHDOLOGY OF THE STUDY

Data collection is a significant step of this research process. The profit and loss account and balance sheet of Federal Bank and State Bank of India are the tools of data collection of this research. It is a secondary data source gathered from the financial reports of both the banks. Several tools of financial statement analysis such as the CAMELS model, comparative statement, common size statement, and trend analysis have been employed in this study.

CAMELS is a rating scale employed by banking supervisory institutions to evaluate the financial condition of financial institutions. The initialism CAMELS represents six components: Capital Adequacy, which estimates a bank's capacity to stay in business when debtors cannot repay loans; Asset Quality, which analyses a bank's risk according to investment, loan, and other asset portfolios; Management, which looks at a bank's management effectiveness; Earnings, which analyses a bank's profitability; Liquidity, which estimates a bank's capacity to fulfil short-term obligations; and Sensitivity, which analyses a bank's susceptibility to market risks. Each factor is scored between 1 and 5, where the best is 1 and the worst is 5, with a lower score representing a bank in a more financially stable position.

Comparative statements are accounting statements indicating the financial situation at various durations of time. When two or more years of financial statement data are examined for comparison purposes regarding the profitability and financial situation of banks, such statements are known as comparative statements or horizontal analysis. Not only do they reveal absolute changes, but they also reflect relative changes in figures from financial statements.

Common size statements are financial statements that are made to reflect the relation of each item to a common base. Every item in the financial statements of the same year is compared vertically with regard to its common base. It is also referred to as vertical analysis. The figures on a common size statement are given in terms of ratios or percentages of a common base and therefore also referred to as a "common percentage" or "100 percent statement."

Trend analysis is the direction in which financial statement items are changing over time, either increasing or decreasing. Trend analysis is an analysis technique that indicates the alteration in financial statement items over two or more than two years. The first year is taken as the base year, and each subsequent year is compared with the base year to see the trend of movement in a long-term period. Trend analysis is a type of horizontal analysis showing the items in the financial statement as a percent of the base year.

## 1.6. SCOPE OF STUDY

The study is based on the financial positions of the Federal Bank and State Bank of India by using trend analysis, common size statements, comparative statements and Camel model -profitability and liquidity ratios in India.

For this study we have considered the financial statements like profit and loss account and balance sheet of FEDERAL BANK OF INDIA AND STATE BANK OF INDIA for the years, 2019-2020, 2020-2021,2021-2022,2022-2023,2023-2024.

The main purpose of the financial statement analysis is to evaluate the past, current, and future performance and financial position of the banks for the purpose of making investments, credit, and other economic decisions.

## 1.7. LIMITATIONS OF THE STUDY

1Financial analysis is based upon only monetary information and non- monetary factors are ignored

2.As the financial statements are prepared on the basis of a going concern, it does not give exact position.

3.Due to limited data, the research focuses on profitability and liquidity ratios from CAMELS model.

4.It might be difficult to compare a large bank in the public sector such as SBI with a small bank in the private sector such as Federal Bank considering their different business models, targeted customer segments, and regulatory environment

5.Lack of access to all internal data required for a comprehensive analysis, which can limit the depth of insights.

6.Possible discrepancies due to data revisions or restatements in financial statements.

## 1.8 CHAPTERISATION

• Chapter 1- Introduction: This chapter contains a brief introduction regarding the topic, significance, statement of the problem, methodology, limitations of the study, and chaptalisation of the study.

• Chapter 2 – Review of Literature: This chapter deals with analysing and evaluating the available literature work by researchers concerning with our chosen topic's area.

• Chapter 3 – Theoretical Framework: This chapter provides an introduction to SBI, Federal Bank, and the banking industry. It also analyses the financial performance of SBI and Federal Bank using the CAMEL Model and financial analysis tools, with a focus on liquidity ratios to compare their stability before and after COVID-19.

• Chapter 4 – Data Analysis and Interpretation: This chapter analyses secondary data from the financial statements of SBI and Federal Bank, using various tables, graphs, and financial analysis tools to compare their performance before and after COVID-19.

• Chapter 5 – Summary, Findings, Recommendation and Conclusion: This chapter is the summary of findings, recommendation and it includes conclusion of the study.

# REVIEW OF LITERATURE

Banks play a crucial role in the economy, helping businesses and individuals manage their finances. The COVID-19 pandemic caused major disruptions in the banking sector, affecting loans, profits, and overall financial stability. Banks had to adapt to these changes by adjusting their strategies, improving digital services, and managing risks.

This study compares the financial performance of State Bank of India (SBI), the largest public sector bank, and Federal Bank, a leading private sector bank, before and after COVID-19. By analysing key financial factors such as profitability, asset quality, and liquidity, this study aims to understand how these banks handled the challenges of the pandemic.

Reviewing past research helps in understanding how banks respond to financial crises and recover over time. Previous studies highlight changes in loan performance, government policies, and digital banking trends during the pandemic. This literature review will provide a strong foundation for comparing SBI and Federal Bank's financial strategies before and after COVID-19.

1) **Khatri (2013)** underlines the comparative financial analysis of three banks of India. Financial ratios are widely used for modelling purposes both by practitioners and researchers. The firm involves many interested parties, like the owners, management, personnel, customers, suppliers, competitors, regulatory agencies, and academics, each having their views in applying financial statement analysis in their evaluations. Practitioners use financial ratios, for instance, to forecast the future success of companies, while the researchers' main interest has been to develop models exploiting this ratio. Financial statements are those statements which provide information about profitability and financial position of a business. It includes two statements, i.e, profit & loss a/c or income statement and balance sheet or position statement. The income statement presents the summary of the income earned and the expenses incurred during a financial year. Position statement presents the financial position of the business at the end of the year. The income statement presents the summary of the income earned and the expenses incurred during a financial year. Position statement presents the financial position of the business at the end of the year. This paper will help in ascertaining whether adequate profits are being earned on the capital invested in the business or not. It will also help in knowing the capacity to pay the interest and dividend. To help the management to make a comparative study of the profitability of various firms engaged in similar business.

**2) Swain and K Pani (2016)** explore the increasing occurrence of fraud in the Indian banking sector, analysing its aspects, causes, trends, and preventive measures. The study highlights a rising trend in banking frauds, as reported by Indian banks, while acknowledging the possibility of even higher unreported cases. With the growing concerns of non-performing assets (NPAs) and the widespread adoption of technological banking solutions, the study emphasizes the need for banks to enhance their vigilance and adopt proactive fraud prevention strategies. The research utilizes secondary data from reliable sources to examine various fraud categories, including KYC-related frauds, loan frauds, and technology-driven frauds. A detailed statistical analysis of fraud cases is conducted to understand underlying patterns and risk factors. The paper concludes with a set of recommendations aimed at strengthening fraud detection and prevention mechanisms within Indian banks, ensuring a more secure financial ecosystem.

3) **C Bhakta (2019)** examines financial analysis through comparative analysis, common size analysis, and trend analysis as key methods for evaluating banking performance. An efficient banking system is fundamental to economic development, as banks play a crucial role in channelling community savings into productive investments. India's banking system, characterized by an extensive network of branches, serves diverse financial needs across the country. The study emphasizes the importance of Analysis of Financial Statements (AFS) in assessing a bank's operational efficiency. AFS involves a critical examination of financial data to facilitate decision-making. It primarily focuses on identifying relationships among various financial figures presented in the balance sheet (BS) and income statement (IS). By comparing financial data across different periods, financial statement analysis helps in understanding the factors influencing changes in banking performance.

4)**Kaur (2015)** conducted a financial performance analysis of the Indian banking sector using the CAMEL model, a widely recognized framework for evaluating banks' financial health. The study highlights that the sound performance of banks is a key indicator of a country's economic development and financial growth. By applying the CAMEL model, the research identifies the critical factors influencing banking performance and their impact on financial stability. The findings reveal that profit per employee, total advances-to-total deposits ratio, debt-equity ratio, capital adequacy ratio, and total investments-to-total assets ratio significantly affect bank performance, accounting for 96% of the variance in return on assets (ROA). Among these, profit per employee is the most influential factor, contributing 67.5% of the variance in ROA. This study underscores the importance of operational efficiency, financial management, and capital adequacy in determining banking sector performance.

5)**Kumar et al (2012)** analysed the soundness of Indian banks using the CAMEL approach, evaluating the financial performance of 12 public and private sector banks over an eleven-year period. The study highlights that private sector banks consistently outperformed public sector banks in terms of financial stability and overall soundness. The findings indicate that private sector banks ranked higher in financial health, whereas public sector banks, including Union Bank and SBI, exhibited relatively lower economic soundness. This study reinforces the significance of financial performance evaluation through the CAMEL framework, providing insights into the comparative efficiency of public and private banks in India**.**

6)**Prasad et al (2011)** conducted a CAMEL model analysis to evaluate the financial performance of public and private sector banks in India. Given the increasing complexity of the banking sector, assessing its performance requires a comprehensive approach. The study employs the CAMEL framework, which examines Capital Adequacy, Asset Quality, Management Efficiency, Earning Quality, and Liquidity, assigning equal weight to each parameter. The research analysed all public sector banks and thirteen private sector banks, ranking them based on their financial soundness. The results indicate that Karur Vysya Bank secured the topmost position, followed by Andhra Bank and Bank of Baroda, whereas Central Bank of India ranked the lowest. Notably, India's largest public sector bank was positioned at 36th place, highlighting performance disparities within the sector. This study underscores the effectiveness of the CAMEL model in differentiating strong banks from weaker ones and evaluating financial stability.

7)**Kiran (2018)** conducted a study on the financial health of selected public and private sector banks in India using the CAMEL model analysis. The research highlights how the banking sector contributes to capital formation, innovation, monetization, and the facilitation of monetary policy, making its financial soundness crucial not only for depositors but also for shareholders, employees, and the overall economy. The study evaluates the financial performance of seven public sector banks—State Bank of India (SBI), Bank of Baroda, Bank of India, Punjab National Bank (PNB), Union Bank of India, Canara Bank, and IDBI Bank—and four private sector banks—ICICI Bank, HDFC Bank, Axis Bank, and IndusInd Bank. Using data from 2013–14 to 2016–17, collected from annual reports, the study employs various financial ratios to analyse key variables affecting banking performance. The findings provide insights into the comparative financial stability of public and private sector banks in India

8)**S Sarkar (2016)** examines the technological innovations in the Indian banking sector through a trend analysis, highlighting the significant transformation in banking operations over the past two decades. The study emphasizes how Indian banks have adapted to global standards in technology and financial products, integrating themselves into the International Financial System. A key factor in this transformation was the Liberalization, Privatization, and Globalization (LPG) reforms of 1991, which facilitated the entry of foreign and private banks into the Indian market. This increased competition drove Indian banks to adopt cutting-edge technologies and innovative financial services, making the banking industry one of the fastest-growing sectors in the economy. Over the last 20 years, financial innovations have played a crucial role in expanding banking services from elite customers (class banking) to the broader population (mass banking). Notable advancements in banking technology include Core Banking Solutions, Cheque Truncation System, Electronic Clearing System, Real-Time Gross Settlement, Electronic Funds Transfer. Cash transactions remain dominant in India, technological innovations have significantly increased the adoption of cashless and electronic payments. The study highlights how digital banking tools—debit/credit cards, ECS, CTS, EFT, NEFT, and RTGS—have facilitated the transition towards a cashless economy, ensuring faster, safer, and more efficient financial transactions. This research provides valuable insights into how technological advancements have reshaped banking operations, improved customer service efficiency, and contributed to a more inclusive financial ecosystem in India.

9) **Jayant Nagarkar (2015)** focuses on the analysis of financial performance of banks in India. Business cycles are not new to the Indian economy. In last ten years India witnessed two major phases of business cycle. High growth tide lifted all boats and high revenue high profits were taken for granted. The last four years have been the phase of recession. Banking industry which was growing at a high growth of+ 30% now is struggling to achieve 19% growth. This paper is an attempt to analyse performance of five major public, private and foreign sector banks with principal component analysis on the financial parameters. The weights are assigned on the basis of importance of the parameters on financials.

10) **Koundal (2022)** examines the performance of Indian banks within the Indian financial system, emphasizing the growing significance of efficiency and profitability in the banking sector due to intense competition, evolving banking reforms, and increasing

customer demands. The study evaluates the relative performance of different categories of banks, including public sector banks, old private sector banks, new private sector banks, and foreign banks. Segmentation of the banking sector in India was done along the following basis: number of banks, offices, number of employees, business per employees, deposits per employee, advances per employee, bank assets size, non-performing assets, etc. Overall, the analysis supports the conclusion that foreign owned banks are on average most efficient and that new banks are more efficient that old ones. The public sector banks are not as profitable as other sectors are. In terms of size, the smaller banks are globally efficient, but large banks are locally efficient. It means that efficiency and profitability are interrelated. It is true that productivity is not the sole factor but it is an important factor which influence to profitability. The key to increasing profitability is increasing productivity. For this we have recommended some suggestions to tackle the challenges faced by the banks particularly public sector banks.

11)**Bansal (2014**) conducted a comparative analysis of financial ratios for selected banks in India, focusing on firms operating in industries that significantly contribute to economic growth or operate in highly competitive environments. The study aims to evaluate the financial performance of commercial banks by examining how effectively they adhere to financial regulations and best practices. The research analyses the performance of the commercial banking sector for the period April 2011 to March 2014, utilizing financial ratios as key indicators. These ratios help assess the profitability, liquidity, efficiency, and overall financial health of banks. Financial statements of Axis bank, ICICI bank, Federal bank and HDFC bank for the indicated periods were obtained from database such as CMIE, Prowess, money control and yahoo finance. Necessary information derived from these financial statements were summarized and used to compute the financial ratios for the four-year period. Financial ratios are tools used to measure the profitability, liquidity and solvency performance of four major Indian commercial banks. This research is to analyse the financial statements of these banks using liquidity ratios, activity ratios, leverage ratios, profitability ratios, and market value ratios. For liquidity, the following ratios were used: current ratio, quick or acid-test ratio. For activity, inventory turnover ratio, debtor turnover ratio and working capital turnover ratios were used. For leverage, the following ratios were used i.e debt ratio, equity ratio, and interest coverage ratio. For profitability, profit margin, net profit margin, return on assets, return on shareholder’s equity, and earnings per share were used. For market value, price earnings ratio and earning per share ratios were used.

12)**Sharma & Mani (2012)** conducted a comparative analysis of human capital efficiency (HCE) in public and private sector banks in India for the period 2005–06 to 2009–10. The study, based on secondary data from financial statements, evaluates the efficiency of human capital using the Value-Added Method. To measure variations in human capital efficiency, the study employs Exponential Trend Method, ANOVA, and GAP Analysis. These methods help in identifying differences in HCE between public and private banks and provide insights into how efficiently banks utilize their human resources to generate value. The findings of this study contribute to the understanding of workforce productivity in the banking sector, highlighting efficiency trends and performance gaps between public and private sector banks**.** The main finding of the study is that there is a reduction of 839.32 per cent in gap index of HCE between public and private banks. The Annual Compounded Growth Rate of public banks are more than the private banks which shows that public banks have made great efforts to be competent with private banks; by focusing on Business Process Re-engineering, providing Voluntary Retirement Scheme (VRS) options to employees, competent compensation, and incurring development expenditures on employees to improve their skills and knowledge etc. But still the public banks need to adopt flexible recruitment policy to retain the talented staff and expansion in decision making powers to terminate the unproductive employees and elimination of overlapping branches. The study also suggests that there is a need of accounting standard for measuring, reporting and disclosing of the intellectual capital of the banks in the financial statements.

13)**Chaudhary and Sharma (2011)** analysed the impact of economic reforms in India, which began in the early 1990s but became more evident in the banking sector following liberalization, globalization, and privatization. Their study emphasizes the need for a comparative analysis of public and private sector banks, given the significant changes in their operations. The study highlights how factors such as increased competition, advancements in information technology, reduced processing costs, the erosion of product and geographic boundaries, and relaxed government regulations have compelled public sector banks to compete more aggressively with private and foreign banks. A key focus of the research is on how effectively public and private sector banks manage Non-Performing Assets (NPAs). The study utilizes statistical tools to project trends in NPA management, offering insights into the efficiency and strategies adopted by different banking sectors.

14) **Kumar ray Sinha (2024)** conducted a comparative analysis of the performance of financial institutions in India, focusing on the transformations in the banking sector

during and after the COVID-19 pandemic. The study highlights the significant impact of digital and mobile banking technologies, which have expanded the scope and volume of banking operations. Both public and private sector banks have been striving to adapt to the increasingly competitive environment. The research evaluates the financial performance of selected public and private sector banks based on key parameters during this transition period. Using secondary data from annual reports, bank websites, and RBI bulletins, the study covers a five-year period from 2018–19 to 2022–23. A convenient sampling method was used to select six banks (three public and three private) based on market capitalization. The analysis employed mean, covariance, graphical representations, and t-tests to assess performance trends. The findings indicate an overall increase in profitability for both public and private sector banks, though the growth rate is higher for private sector banks. However, public sector banks continue to face challenges that have led to relatively lower financial performance.

15) **Ramashare Nirmal & Derashri (2020)** conducted a comparative study of India's two largest banks, one from the private sector (HDFC Bank) and the other from the public sector (SBI). The study highlights the financial performance, customer reach, and operational efficiency of these two leading banks. HDFC Bank, a major private sector bank, operates over 5,000 branches across India and has been one of the most commercially successful banks, reporting a net profit of ₹21,078 crores for the financial year 2018-19 while maintaining a Gross NPA ratio below 2%. On the other hand, SBI, India's largest public sector bank, has a strong legacy of over 200 years and remains a key player in the public banking space. While SBI outperforms its public sector peers, it lags behind private sector banks like HDFC in terms of profitability, NPA management, and overall financial growth. SBI reported a net profit of ₹862.23 crores in FY 2018-19, reflecting its efforts to strengthen financial stability. The study provides insights into the differences in financial performance and operational strategies between India's leading public and private sector banks.

## CONCLUSION

The review of literature provides useful insights into how banks in India perform financially, especially when comparing public and private sector banks. Several studies focus on financial analysis methods, such as financial ratios, trend analysis, and the CAMEL framework, to measure bank efficiency, profitability, and stability. Researchers like Khatri (2013), Bhakta (2019), and Bansal (2014) highlight the importance of studying financial statements to understand a bank's financial health.

Many studies also discuss the challenges banks face, including rising fraud cases (Swain & Pani, 2016), non-performing assets (Chaudhary & Sharma, 2011), and the need for improved efficiency (Koundal, 2022). Additionally, the impact of technology on banking is a key focus, as Sarkar (2016) explains how digital banking and new technologies have changed the way banks operate.

Several studies compare public and private sector banks using the CAMEL model. Research by Kumar et al. (2012) and Prasad et al. (2011) suggests that private sector banks generally perform better than public banks in terms of financial stability and efficiency. Similarly, studies by Kiran (2018) and Ramashare Nirmal & Derashri (2020) show that private banks are often more profitable and better at managing financial risks than public banks like SBI.

Recent research, such as Kumar Ray Sinha (2024), focuses on the impact of COVID-19 on banks. The findings suggest that while both public and private banks faced financial challenges, private banks recovered faster and showed better profitability.

This review helps in understanding how banks perform in different financial situations. It highlights important factors like money management, risk handling, digital banking, and government rules. This study will use these insights to compare SBI and Federal Bank before and after COVID-19 to see how they adapted to the challenges.

## STATE BANK OF INDIA

State Bank of India (SBI), headquartered in Mumbai, Maharashtra, is the largest public sector bank in India. With a 23% market share by assets and 25% of India's total loan, it remains a key player in the nation's banking sector. SBI is the 48th largest bank globally by assets and was ranked 221st in the 2020 Fortune Global 500 list, the only Indian bank featured. Its history dates back to 1806 with the establishment of the Bank of Calcutta, which later merged to the Imperial Bank of India, eventually becoming the State Bank of India in 1955.

In recent years, SBI has focused on expanding its digital offerings. In 2018, the bank introduced YONO (You Only Need One), a comprehensive digital platform that provides banking and financial services. This initiative helped SBI tap into the growing digital banking market in India. SBI also made strides in supporting India's start-up ecosystem, launching a dedicated start-up branch in Bengaluru in 2022.

SBI's financial strength remains robust. The bank continues to strengthen its balance sheet and improve its non-performing assets (NPAs). SBI also raised significant capital through a rights issue in 2020, boosting its ability to fund growth.

As of March 31, 2021, SBI employed more than 2lakhs in which women make up 27% of the workforce. The bank's commitment to corporate social responsibility is evident through its contributions to education, health, and rural development. SBI's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The SBI logo was designed by the National Institute of Design, Ahmedabad in 1971.

## FEDERAL BANK

Federal Bank is one of India's leading private sector banks, headquartered in Aluva, Kochi, Kerala. It has a strong presence across the country, operating over 1,408 branches along with international offices in Abu Dhabi and Dubai. Federal Bank has expanded through various subsidiaries and joint ventures. Fedserv, launched in 2018, provides banking support services, while Fedbank Financial Services Ltd (Fedfina) focuses on lending and financial solutions. Federal Bank is actively involved in corporate social responsibility (CSR) initiatives through its public charitable trust. The bank supports programs in education, healthcare, environmental sustainability, and rural development, demonstrating its commitment to the community. With its focus on digital banking, financial inclusion, and customer-centric services, Federal Bank continues to grow as a strong and reliable financial institution in India. Its steady expansion, innovative banking solutions, and strategic partnerships make it a key player in the Indian banking industry.

## OVERVIEW OF BANKING INDSUTRY

Indian banking began in the 18th century, with the first bank, Bank of Hindustan, established in 1770. The State Bank of India (SBI) is the oldest and largest bank, originally starting as the Bank of Calcutta in 1806. Later, the Bank of Bombay (1840) and the Bank of Madras (1843) were also formed. These three banks merged in 1921 to become the Imperial Bank of India, which was renamed SBI in 1955 after India's independence. Indian banks are mainly divided into scheduled and non-scheduled banks.

Scheduled banks are those listed in the 2nd Schedule of the RBI Act and meet certain requirements, like having at least ₹5 lakhs in capital. They benefit from RBI support, such as lower interest rates on loans. Non-scheduled banks, on the other hand, are not included in this list, have lower capital, and do not receive financial help from the RBI.

The privatization of banks began in 1991 under India's economic reforms known as the LPG policy (Liberalization, Privatization, and Globalization). However, banks today face challenges like rising bad loans (NPAs), strict regulations, cyber threats, and competition from fintech and non-banking financial companies (NBFCs). They also struggle with high costs and lack of banking services in rural areas.

To grow, banks are focusing on digital banking, fintech partnerships, small business loans, and green banking. The future of banking will be shaped by AI, blockchain, and data analytics for better security and services. More online banks and fintech firms will increase competition, forcing traditional banks to adopt new technologies. Green banking and sustainable finance will also expand, as banks invest in environmentally friendly projects. By adopting new technologies and smart strategies, banks can become stronger and more successful in the future.

Pre-COVID: Banks were growing steadily, with more deposits, loans, and fewer bad debts (NPAs).

Post-COVID: Banks faced cash shortages, more bad loans (NPAs), and changes in how they borrowed and invested. Digital banking became more important.

## CAMELS MODEL

The CAMELS Model is a widely used tool to assess the financial health and performance of banks. It evaluates five key aspects: Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, and Liquidity. These factors help in understanding how well a bank is managing its resources, handling risks, and ensuring financial stability.

Capital Adequacy measures how strong a bank's capital is and whether it can absorb losses. Asset Quality checks the quality of a bank's loans and risk of bad debts. Management Efficiency evaluates how well the bank is managed in terms of cost control and profit generation. Earnings Quality measures how profitable a bank is and whether it can sustain earnings. Finally, Liquidity examines if the bank has enough cash and liquid assets to meet short-term obligations.

## TOOLS FOR FINANCIAL PERFORMANCE ANALYSIS

To analyse the financial performance of State Bank of India (SBI) and Federal Bank, we used the following tools:

1)COMPARATIVE STATEMENT ANALYSIS: Comparative statements are the financial statements showing the financial position at different periods of time. When financial statements figure for two or more years is analysed for comparing the profitability and financial position of the business these are called as comparative statements. It is also known as horizontal analysis.

2)COMMON SIZE STATEMENT ANALYSIS: Common size statements are financial statements prepared to show the relationship of individual items to some common base. Each item of financial statements of same year is analysed vertically to common base. It is also called vertical analysis, common percentage or 100 percent statement.

3)TREND ANALYSIS: Trend means tendency to increase or decrease. Trend analysis is the financial statement analysis which shows the change in the financial statements for more than two years. The earliest period is taken as base year. All other years are compared with the base year to dictate the direction of movements over a long period of time.

4)CAMELS MODEL (Liquidity Ratios): These ratios reveal the capacity of the business enterprise to meet it short obligations out of its short-term resources.

a) Current Ratio (Measures ability to meet short-term obligations)

b) Quick Ratio (Indicates availability of highly liquid assets)

c) Absolute Liquid Ratio (Shows immediate liquidity strength)

These tools help compare SBI and Federal Bank’s financial performance before and after COVID-19, highlighting their strengths and challenges

**FEDERAL BANK**

## COMPARATIVE BALANCE SHEET OF FEDERAL BANK Ltd 2022-23

### TABLE 4.1: COMPARATIVE BALANCE SHEET

| **Particulars** | **2023** | **2022** | **Absolute change increase or decrease** | **Percentage increase or decrease** |
|---|---|---|---|---|
| Capital and Liabilities | | | | |
| Capital | 4232402 | 4205089 | 27313 | 0.649522519 |
| Reserves and surplus | 216991688 | 188350098 | 28641590 | 15.20657027 |
| Minority Interest | 3519706 | 3053307 | 466399 | 15.27520816 |
| Deposits | 2129885009 | 1816775213 | 313109796 | 17.23437186 |
| Borrowings | 258619785 | 195873861 | 62745924 | 32.03384243 |
| Other Liabilities and provisions | 66791976 | 54152877 | 12639099 | 23.33966301 |
| **TOTAL** | 2680040566 | 2262410445 | 417630121 | 18.49552055 |
| **ASSETS** | | | | |
| Cash and balances with Reserve Bank of India | 126042359 | 160661105 | -34618746 | -21.5476832 |
| Balances with banks and money at call and short notice | 51996928 | 50699948 | 1296980 | 2.55814858 |
| Investments | 487022380 | 390651931 | 96370499 | 24.69913417 |
| Advances | 1819567490 | 1499514616 | 320052874 | 21.343764488 |

| | | | | |
|---|---|---|---|---|
| Fixed assets | 9717110 | 6721033 | 2996077 | 44.57762668 |
| Other Assets | 185694299 | 154161812 | 31532487 | 20.45414918 |
| **TOTAL** | 2680040566 | 2262410445 | 417630121 | 18.45952055 |
| Contingent liability | 766059726 | 389315038 | 376744688 | 96.77116248 |
| Bills for collection | 56694543 | 501321757 | 444627214 | -88.69099869 |

**Interpretations**:

1. Business is growing with deposits up 17%, advances up 21%, and investments in long-term assets rising by 25% and 45%.
2. Reliance on external funds increased as borrowings grew by 32%, while cash with RBI declined by 22%, indicating better asset use.
3. Risk exposure rose with a 97% surge in contingent liabilities, but collection efficiency improved as bills for collection fell by 89%.

## COMMONSIZE BALANCE SHEET OF FEDERAL BANK Ltd 2020-2021

### TABLE 4.2: COMMONSIZE BALANCE SHEET

| **Particulars** | **Absolute Amount** | | **% of balance sheet item to the total** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| CAPITAL AND LIABILITIES | | | | |
| Capital | 3992301 | 3985325 | 0.19477819 | 0.217357661 |
| Reserves and surplus | 161029972 | 144238256 | 7.8564034 | 7.866683376 |
| Minority Interest | 2167336 | 1809643 | 0.10574097 | 0.098697037 |
| Deposits | 1721861042 | 1522519073 | 84.0069385 | 83.03743967 |
| Borrowings | 122706009 | 125277199 | 5.98663649 | 6.832556675 |

| | | | | |
|---|---|---|---|---|
| Other Liabilities and provisions | 37908610 | 35703762 | 1.84950248 | 1.947265578 |
| TOTAL | 2049665270 | 1833533258 | 100 | 100 |
| ASSETS | | | | |
| Cash and balances with Reserve Bank of | 76545101 | 61825426 | 3.73451715 | 3.371928255 |
| India | 121612248 | 65747653 | 5.93327358 | 3.585844582 |
| Balances with banks and money at call | 367316744 | 357153933 | 17.9208161 | 19.47899944 |
| and short notice | 1355144123 | 1248494994 | 66.1153869 | 68.09230149 |
| Investments | 5174870 | 5048118 | 0.25247391 | 0.275321867 |
| Advances | 123872184 | 95263134 | 6.04353237 | 5.195604366 |
| Fixed assets | 2049665270 | 1833533258 | 100 | 100 |
| Other Assets | 364270082 | 344638154 | 17.7721742 | 18.79639502 |
| TOTAL | 39772224 | 37676464 | 1.94042533 | 2.054855773 |

**Interpretations**:

1. The bank relies more on deposits, as their share in total liabilities increased from 83% to 84%, while capital's share decreased slightly.

2.Dependence on external borrowings reduced, dropping from 7% to 6%, making the bank less reliant on borrowed funds.

3. More funds were allocated to lending and liquidity, with advances rising from 5% to 6% and cash with RBI increasing from 3% to 4%.

# TREND ANALYSIS OF FEDERAL BANK Ltd. 2017-2019

**TABLE 4.3: TREND ANALYSIS**

| **Particulars** | **Absolute amount** | | | **Trend percentage** | | |
|---|---|---|---|---|---|---|
| **ASSETS** | **2017** | **2018** | **2019** | **2017** | **2018** | **2019** |
| Cash and balances with Reserve Bank of India | 45782688 | 51367856 | 64226685 | 100 | 112.2 | 140.3 |
| Balances with banks and money at call and short notice | 28763723 | 40584274 | 36308004 | 100 | 141.1 | 126.2 |
| Investments | 279122590 | 305946788 | 316756971 | 100 | 109.61 | 113.5 |
| Advances | 740862295 | 930108877 | 1115359205 | 100 | 125.54 | 150.5 |
| Fixed assets | 4923439 | 4613460 | 4799330 | 100 | 93.704 | 97.48 |
| Other Assets | 55402617 | 59515453 | 68074473 | 100 | 107.42 | 122.9 |

**Interpretations:**

1.The bank's cash with RBI increased steadily, rising by 12% in 2018 and 40% in 2019, improving liquidity.

2. Lending activities expanded significantly, with advances growing by 26% in 2018 and 51% in 2019, showing a strong focus on loans.

3. Investments increased each year, growing by 10% in 2018 and 14% in 2019, indicating continuous asset expansion.

## COMPARATIVE STATEMENT OF PROFIT AND LOSS OF FEDERAL BANK Ltd 2022-2023

**TABLE 4.4: COMPARATIVE STATEMENT OF PROFIT AND LOSS**

| Particulars | 2023 (₹) | 2022 (₹) | Absolute Change (₹) | Percentage Change (%) |
|---|---|---|---|---|
| **INCOME** | | | | |
| Interest earned | 178117772 | 143815315 | 34302457 | 23.85 |
| Other income | 24362374 | 21209332 | 3153042 | 14.87 |
| **TOTAL INCOME** | 202480146 | 165024647 | 37455499 | 22.70 |
| **EXPENDITURE** | | | | |
| Interest expended | 99752389 | 79593793 | 20158596 | 25.33 |
| Operating expenses | 52112053 | 45921464 | 6190589 | 13.48 |
| Provisions and contingencies | 18858074 | 19855432 | -997358 | -5.02 |
| **TOTAL EXPENDITURE** | 170722516 | 145370689 | 25351827 | 17.44 |
| **NET PROFIT FOR THE YEAR** | 31757630 | 19653958 | 12103672 | 61.58 |
| Less: Minority Interest | 451036 | 266386 | 184650 | 69.32 |
| Add: Share in Profit of Associates | 340597 | 310281 | 30316 | 9.77 |
| **CONSOLIDATED NET PROFIT** | 31647191 | 19697853 | 11949338 | 60.66 |

| **Particulars** | **2023 (₹)** | **2022 (₹)** | **Absolute Change (₹)** | **Percentage Change (%)** |
|---|---|---|---|---|
| Balance in Profit and Loss Account brought forward | 43540278 | 34958136 | 8582142 | 24.55 |
| Forward from previous year | 2073 | 11114 | -9041 | -81.35 |
| **AMOUNT AVAILABLE FOR APPROPRIATIONS** | 75185396 | 54644875 | 20540521 | 37.59 |
| **APPROPRIATIONS** | | | | |
| Transfer to Revenue Reserve | 4265747 | 2667208 | 1598539 | 59.93 |
| Transfer to Statutory Reserve | 7526486 | 4724554 | 2801932 | 59.31 |
| Transfer to Capital Reserve | 113247 | 888693 | -775446 | -87.26 |
| Transfer to Investment Fluctuation Reserve | 9600 | 0 | 9600 | - |
| Transfer to Special Reserve | 1606900 | 1233400 | 373500 | 30.28 |
| Transfer to Reserve fund | 246567 | 146293 | 100274 | 68.54 |
| Redemption of Preference Shares | 0 | 47053 | -47053 | -100.00 |
| Dividend pertaining to previous year paid | 3786630 | 1397396 | 2389234 | 171.00 |
| **Balance carried over to Consolidated Balance Sheet** | 57630129 | 43540278 | 14089851 | 32.36 |
| **TOTAL** | 75185396 | 54644875 | 20540521 | 37.59 |
| **Earnings per share** | | | | |
| Basic | 15.01 | 9.52 | 5.49 | 57.67 |

| Particulars | 2023 (₹) | 2022 (₹) | Absolute Change (₹) | Percentage Change (%) |
|---|---|---|---|---|
| Diluted | 14.85 | 9.44 | 5.41 | 57.31 |

**Interpretations**:

1.The bank's income grew by 23%, mainly due to higher interest earnings and other income.

2. Net profit increased by 62%, showing that earnings grew faster than expenses.

3.Shareholders benefited as dividend payouts jumped by 171% and EPS rose by 58%.

## COMMON SIZE STATEMENT OF PROFIT AND LOSS OF FEDERAL BANK Ltd 2020-2021

**TABLE 4.5: COMMON SIZE STATEMENT OF PROFIT AND LOSS**

| **Particulars** | **2019-20 (₹ in Crore)** | **% of Total Income (2019-20)** | **2020-21 (₹ in Crore)** | **% of Total Income (2020-21)** |
|---|---|---|---|---|
| **I. Income** | | **100.00%** | | **100.00%** |
| - Interest Income | 12,324.15 | 87.88% | 12,825.94 | 88.08% |
| - Other Income | 1,697.60 | 12.12% | 1,734.84 | 11.92% |
| **Total Income** | **14,021.75** | **100.00%** | **14,560.78** | **100.00%** |
| **II. Expenses** | | | | |
| - Interest Expended | 8,008.59 | 57.13% | 7,716.39 | 52.99% |
| - Operating Expenses | 2,349.34 | 16.76% | 2,498.82 | 17.16% |
| - Payments to and Provisions for Employees | 1,163.59 | 8.30% | 1,276.80 | 8.77% |
| - Other Operating Expenses | 1,185.75 | 8.46% | 1,222.02 | 8.39% |
| **Total Expenses** | **10,357.93** | **73.89%** | **10,215.21** | **70.16%** |
| **III. Operating Profit before Provisions and Contingencies (I - II)** | 3,663.82 | 26.11% | 4,345.57 | 29.84% |
| - Provisions (other than tax) and Contingencies | 1,567.06 | 11.17% | 2,274.94 | 15.62% |
| **IV. Profit before Tax (III - Provisions)** | 2,096.76 | 14.96% | 2,070.63 | 14.22% |
| - Tax Expense | 533.16 | 3.80% | 480.33 | 3.30% |

| Particulars | 2019-20 (₹ in Crore) | % of Total Income (2019-20) | 2020-21 (₹ in Crore) | % of Total Income (2020-21) |
|---|---|---|---|---|
| **V. Net Profit for the Year ( IV - Tax)** | 1,563.60 | 11.15% | 1,590.30 | 10.92% |
| - Share of Profit in Associates | 0.70 | 0.005% | 0.70 | 0.005% |
| **VI. Consolidated Net Profit for the Year** | **1,564.30** | **11.15%** | **1,591.00** | **10.93%** |
| - Profit Attributable to Non-Controlling Interest | 0.70 | 0.005% | 0.70 | 0.005% |
| **VII. Profit Attributable to Owners of the Bank** | **1,563.60** | **11.15%** | **1,590.30** | **10.92%** |
| **VIII. Earnings Per Share (EPS)** | | | | |
| - Basic (₹) | 7.88 | | 8.01 | |
| - Diluted (₹) | 7.86 | | 7.98 | |

**Interpretations**:

1.Interest income remained the main source of revenue, making up 88% of total income.

2.Operating costs and provisions increased, leading to higher expenses for the bank.3. Profit before tax and net profit saw a small decline, but overall profitability remained stable.

## TREND ANALYSIS OF PROFIT AND LOSS OF FEDERAL BANK 2017-2019

### TABLE 4.6 TREND ANALYSIS

| Particulars | 2017 (₹ Crore) | 2018 (₹ Crore) | 2019 (₹ Crore) | % of 2017 (Base Year) | % of 2018 (vs 2017) | % of 2019 (vs 2017) |
|---|---|---|---|---|---|---|
| **Total Income** | 9,759.20 | 10,966.80 | 12,271.54 | 100% | 112.38% | 125.73% |
| - Interest Earned | 8,484.22 | 9,740.29 | 10,879.29 | 100% | 114.81% | 128.22% |
| - Other Income | 1,274.98 | 1,226.51 | 1,392.25 | 100% | 96.19% | 109.21% |
| **Total Expenses** | 8,834.41 | 7,560.71 | 8,998.58 | 100% | 85.61% | 101.86% |
| - Interest Expended | 5,825.26 | 5,647.15 | 6,828.63 | 100% | 96.94% | 117.22% |
| - Operating Expenses | 3,009.15 | 1,913.56 | 2,169.95 | 100% | 63.59% | 72.11% |
| - Payments to and Provisions for Employees | 1,344.81 | 929.35 | 1,049.59 | 100% | 69.12% | 78.07% |
| - Other Operating Expenses | 1,664.34 | 984.21 | 1,120.36 | 100% | 59.14% | 67.33% |
| **Operating Profit before Provisions and Contingencies** | 924.79 | 3,406.09 | 3,272.96 | 100% | 368.22% | 353.93% |
| - Provisions (other than tax) | 93.47 | 1,617.35 | 1,157.02 | 100% | 1730.34% | 1238.15% |

| Particulars | 2017 (₹ Crore) | 2018 (₹ Crore) | 2019 (₹ Crore) | % of 2017 (Base Year) | % of 2018 (vs 2017) | % of 2019 (vs 2017) |
|---|---|---|---|---|---|---|
| and Contingencies | | | | | | |
| **Profit before Tax** | 831.32 | 1,788.74 | 2,115.94 | 100% | 215.19% | 254.55% |
| - Tax Expense | 0.53 | 626.63 | 732.63 | 100% | 118181.13% | 138153.77% |
| **Net Profit for the Year** | 830.79 | 1,162.11 | 1,383.31 | 100% | 139.87% | 166.46% |
| - Share of Profit in Associates | - | 0.70 | 0.70 | - | - | - |
| **Consolidated Net Profit** | 830.79 | 1,162.81 | 1,384.01 | 100% | 139.92% | 166.57% |
| **Earnings Per Share (EPS) (Basic ₹)** | 4.36 | 5.92 | 7.04 | 100% | 135.78% | 161.47% |
| **Earnings Per Share (EPS) (Diluted ₹)** | - | 5.90 | 7.02 | - | - | - |

**Interpretations**:

1.The bank's income grew steadily, rising by 12% in 2018 and 26% in 2019, driven by higher interest earnings.

2.Operating profit saw massive growth, increasing by 268% in 2018 and 254% in 2019, indicating improved efficiency.

3.Net profit rose significantly, up by 40% in 2018 and 66% in 2019, showing strong overall profitability.

## STATE BANK OF INDIA

## COMPARATIVE BALANCE SHEET OF SBI 2022-2023

**TABLE 4.7: COMPARATIVE BALANCE SHEET**

| **Particulars** | **2022 (₹ Crore)** | **2023 (₹ Crore)** | **Absolute Change (₹ Crore)** | **% Change** |
|---|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | | |
| Capital | 8,924.6 | 8,924.6 | 0 | 0.00% |
| Reserves and Surplus | 30,469,558.39 | 35,803,885.69 | 5,334,327.30 | **17.51%** |
| Minority Interest | 1,120,742.28 | 1,283,661.94 | 162,919.66 | **14.54%** |
| Deposits | 4,087,410,600.6 | 4,468,535,506.8 | 381,124,906.2 | **9.33%** |
| Borrowings | 449,159,783.6 | 521,151,949.8 | 71,992,166.2 | **16.03%** |
| Other Liabilities & Provisions | 507,517,677.3 | 592,962,922.9 | 85,445,245.6 | **16.83%** |
| **TOTAL LIABILITIES** | 5,360,883,529.4 | 5,954,418,317.0 | 593,534,787.6 | **11.07%** |
| **ASSETS** | | | | |
| Cash & Balances with RBI | 318,492,430.1 | 247,321,049.7 | -71,171,380.4 | **-22.35%** |
| Balances with Banks & Call Money | 80,421,691.6 | 70,990,860.0 | -9,430,831.6 | **-11.72%** |
| Investments | 1,776,489,898.8 | 1,913,107,856.4 | 136,617,957.6 | **7.69%** |
| Advances | 2,794,076,001.8 | 3,267,902,127.3 | 473,826,125.5 | **16.96%** |
| Fixed Assets | 39,510,030.5 | 44,407,381.0 | 4,897,350.5 | **12.39%** |

| Particulars | 2022 (₹ Crore) | 2023 (₹ Crore) | Absolute Change (₹ Crore) | % Change |
|---|---|---|---|---|
| Other Assets | 351,902,476.6 | 410,689,042.6 | 58,786,566.0 | **16.71%** |
| **TOTAL ASSETS** | 5,360,883,529.4 | 5,954,418,317.0 | 593,534,787.6 | **11.07%** |
| **Contingent Liabilities** | 2,007,232,490.0 | 1,835,524,381.9 | -171,708,108.1 | **-8.56%** |
| **Bills for Collection** | 77,783,056.2 | 64,571,944.8 | -13,211,111.4 | **-16.99%** |

**Interpretations:**

1.Deposits increased by 9%, showing customer trust, while advances grew by 17%, indicating active lending.

2.Reserves & Surplus rose by 18%, making the bank financially stronger.

3.Cash with RBI dropped by 22%, possibly due to more lending or investments, while contingent liabilities fell by 9%, reducing risk.

## COMMON SIZE BALANCE SHEET OF SBI LTD 2020-2021

### TABLE 4.8: COMMON SIZE BALANCE SHEET

| **Particulars** | **2020 (₹ Crore)** | **2021 (₹ Crore)** | % of Total Assets (2020) | % of Total Assets (2021) |
|---|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | | |
| Capital | 89.25 | 89.25 | 0.00018% | 0.00021% |
| Reserves and Surplus | 2,746,690.98 | 2,501,676.30 | 5.67% | 5.96% |
| Minority Interest | 96,259.16 | 79,438.22 | 0.20% | 0.19% |
| Deposits | 37,153,312.42 | 32,741,606.25 | 76.67% | 78.02% |
| Borrowings | 4,337,962.08 | 3,329,006.70 | 8.96% | 7.93% |
| Other Liabilities & Provisions | 4,113,036.20 | 3,314,271.02 | 8.49% | 7.92% |
| TOTAL LIABILITIES | 48,456,185.47 | 41,974,923.44 | 100% | 100% |
| **ASSETS** | | | | |
| Cash & Balances with RBI | 2,134,986.16 | 1,669,684.61 | 4.41% | 3.98% |
| Balances with Banks & Call Money | 1,342,084.20 | 873,468.03 | 2.77% | 2.08% |
| Investments | 15,951,002.66 | 12,282,842.77 | 32.91% | 29.27% |
| Advances | 25,005,989.87 | 23,743,111.81 | 51.62% | 56.56% |
| Fixed Assets | 401,667.88 | 400,781.68 | 0.83% | 0.95% |
| Other Assets | 3,620,454.70 | 3,005,034.54 | 7.47% | 7.16% |
| **TOTAL ASSETS** | **48,456,185.47** | **41,974,923.44** | **100%** | **100%** |

**Interpretations:**

1. Deposits increased from 77% to 78%, improving SBI's financial stability.

2. Advances grew from 52% to 57%, showing increased loan activity.

3.Investments dropped to 29%, and cash balances reduced, indicating better liquidity management.

## TREND ANALYSIS OF BALANCE SHEET OF SBI 2017-2019

**TABLE 4.9: TREND ANALYSIS**

| Particulars | 2017 (₹ Crore) | 2018 (₹ Crore) | 2019 (₹ Crore) | % of 2017 | % of 2018 | % of 2019 |
|---|---|---|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | | | | |
| Capital | 7,973.50 | 8,924.59 | 8,924.61 | 100% | 111.94% | 111.94% |
| Reserves and Surplus | 1,874,887.12 | 2,294,294.87 | 2,336,031.99 | 100% | 122.37% | 124.63% |
| Minority Interest | 64,806.46 | 46,152.45 | 60,369.91 | 100% | 71.22% | 93.16% |
| Deposits | 25,998,106.19 | 27,221,782.82 | 29,405,410.61 | 100% | 104.71% | 113.11% |
| Borrowings | 3,363,656.48 | 3,690,793.39 | 4,137,476.61 | 100% | 109.73% | 123.01% |
| Other Liabilities & Provisions | 2,852,724.39 | 2,902,497.53 | 2,936,456.89 | 100% | 101.74% | 102.93% |
| **TOTAL LIABILITIES** | **34,451,215.60** | **36,164,445.65** | **38,884,670.63** | **100%** | **104.97%** | **112.88%** |
| **ASSETS** | | | | | | |
| Cash & Balances with RBI | 1,610,186.07 | 1,507,694.57 | 1,773,627.41 | 100% | 93.63% | 110.14% |

| Particulars | 2017 (₹ Crore) | 2018 (₹ Crore) | 2019 (₹ Crore) | % of 2017 | % of 2018 | % of 2019 |
|---|---|---|---|---|---|---|
| Balances with Banks & Call Money | 1,121,785.45 | 445,196.51 | 481,495.23 | 100% | 39.69% | 42.93% |
| Investments | 10,272,808.69 | 11,837,942.42 | 11,192,477.66 | 100% | 115.25% | 108.96% |
| Advances | 18,968,868.20 | 19,601,185.35 | 22,268,536.67 | 100% | 103.33% | 117.35% |
| Fixed Assets | 509,407.38 | 412,257.93 | 407,030.53 | 100% | 80.94% | 79.91% |
| Other Assets | 1,968,159.78 | 2,360,168.87 | 2,761,503.13 | 100% | 119.91% | 140.28% |
| **TOTAL ASSETS** | **34,451,215.60** | **36,164,445.65** | **38,884,670.63** | **100 %** | **104.97 %** | **112.88 %** |

**Interpretations**:

**1.**Deposits grew to 113% and advances to 117% of 2017 levels by 2019, showing increased customer trust and higher lending.

2. Investments peaked in 2018 but declined slightly in 2019, while fixed assets dropped to 80%, possibly due to restructuring.

3.Other assets grew significantly to 140%, while bank balances and call money dropped sharply in 2018, indicating changes in liquidity management

**COMPARATIVE STATEMENT OF PROFIT AND LOSS OF STATE BANK OF INDIA 2022-23 (***Figures in ₹ Crores)*

**TABLE 4.10: COMPARATIVE STATEMENT**

| **Particulars** | **2022 (₹ Cr.)** | **2023 (₹ Cr.)** | **Absolute Change** | **% Change** |
|---|---|---|---|---|
| **INCOME** | | | | |
| Interest Earned | 27,54,572.90 | 33,21,030.60 | 5,66,457.70 | 20.57% |
| Other Income | 4,05,639.14 | 3,66,155.98 | -39,483.16 | -9.73% |
| **Total Income** | **31,60,212.04** | **36,87,186.58** | **5,26,974.54** | **16.67%** |
| **EXPENDITURE** | | | | |
| Interest Expended | 15,47,497.04 | 18,72,625.56 | 3,25,128.52 | 21.00% |
| Operating Expenses | 9,33,975.15 | 9,77,431.36 | 43,456.21 | 4.65% |
| Provisions and Contingencies | 3,61,980.04 | 3,34,805.13 | -27,174.91 | -7.51% |
| **Total Expenditure** | **28,43,452.23** | **31,84,862.04** | **3,41,409.81** | **12.01%** |
| **PROFIT** | | | | |
| Net Profit for the Year | 3,16,759.80 | 5,02,324.54 | 1,85,564.74 | 58.58% |
| Add: Profit/(Loss) Brought Forward | -36,008.45 | 58,814.05 | 94,822.50 | -263.39% |
| **Total Appropriations** | **2,80,751.36** | **5,61,138.58** | **2,80,387.22** | **99.87%** |
| **Appropriations** | | | | |
| Transfer to Statutory Reserve | 95,027.94 | 1,50,697.36 | 55,669.42 | 58.59% |
| Transfer to Capital Reserve | 5,381.52 | 2,328.08 | -3,053.44 | -56.75% |

| Particulars | 2022 (₹ Cr.) | 2023 (₹ Cr.) | Absolute Change | % Change |
|---|---|---|---|---|
| Transfer to Investment Fluctuation Reserve | 46,478.70 | 45,754.34 | -724.36 | -1.56% |
| Transfer to Revenue Reserve | 11,684.40 | 20,523.50 | 8,839.10 | 75.64% |
| Dividend for the Current Year | 63,364.74 | 1,00,848.12 | 37,483.38 | 59.14% |
| Balance Carried Over to Balance Sheet | 58,814.05 | 2,40,987.18 | 1,82,173.13 | 309.84% |
| **Total** | **2,80,751.36** | **5,61,138.58** | **2,80,387.22** | **99.87%** |
| | | | | |
| **Earnings Per Share (EPS)** | | | | |
| Basic | 35.49 | 56.29 | 20.80 | 58.62% |
| Diluted | 35.49 | 56.29 | 20.80 | 58.62% |

**Interpretations:**

1.Total income rose by 17%, with net profit surging by 59%, showing strong financial performance.

2.Operating expenses grew by only 5%, while provisions decreased by 8%, indicating cost control and lower risk provisions.

3.Dividend payout increased by 59%, and EPS rose by 59%, reflecting improved profitability for investors.

**COMMON SIZE STATEMENT OF PROFIT AND LOSS OF SBI Ltd 2020-21**

*(All values as a percentage of Total Income for the respective year)*

**TABLE 4.11: COMMON SIZE STATEMENT OF PROFIT AND LOSS**

| **Particulars** | **2020 (₹ Crores)** | **2021 (₹ Crores)** | **% of Total Income (2020)** | **% of Total Income (2021)** |
|---|---|---|---|---|
| **INCOME** | | | | |
| Interest Earned | 2,573,235.92 | 2,651,506.34 | 85.05% | 85.93% |
| Other Income | 452,214.78 | 434,963.75 | 14.95% | 14.07% |
| **Total Income** | **3,025,450.70** | **3,086,470.08** | **100%** | **100%** |
| **EXPENDITURE** | | | | |
| Interest Expended | 1,592,387.66 | 1,544,406.33 | 52.63% | 50.05% |
| Operating Expenses | 751,736.90 | 826,522.23 | 24.85% | 26.78% |
| Provisions & Contingencies | 536,445.04 | 511,436.82 | 17.73% | 16.57% |
| **Total Expenditure** | **2,880,569.60** | **2,882,365.39** | **95.21%** | **93.39%** |
| **PROFIT** | | | | |
| Net Profit for the Year | 144,881.11 | 204,104.69 | 4.79% | 6.61% |
| Add: Profit/(Loss) Brought Forward | -152,260.55 | -104,983.02 | -5.03% | -3.40% |
| **Total Appropriations** | **-7,379.45** | **99,121.67** | **-0.24%** | **3.21%** |
| **APPROPRIATIONS** | | | | |
| Transfer to Statutory Reserve | 43,464.33 | 61,231.41 | 1.44% | 1.98% |

| Particulars | 2020 (₹ Crores) | 2021 (₹ Crores) | % of Total Income (2020) | % of Total Income (2021) |
|---|---|---|---|---|
| Transfer to Capital Reserve | 398,548.39 | 14,651.24 | 13.17% | 0.47% |
| Transfer to Investment Fluctuation Reserve | 11,198.81 | 19,281.96 | 0.37% | 0.63% |
| Transfer to Revenue Reserve | 3,082.04 | 4,267.06 | 0.10% | 0.14% |
| Dividend for the Current Year | 0 | 35,698.45 | 0.00% | 1.16% |
| Balance Carried Over to Balance Sheet | -104,983.02 | -36,008.45 | -3.40% | -1.17% |
| **Total** | **-7,379.45** | **99,121.67** | **-0.24%** | **3.21%** |
| **Earnings Per Share (EPS)** | | | | |
| Basic | 16.23 | 22.87 | - | - |
| Diluted | 16.23 | 22.87 | - | - |

**Interpretations:**

1)Interest Earned as a percentage of total income increased slightly from 85.05% (2020) to 85.93% (2021).

2) Net Profit margin improved from 4.79% in 2020 to 6.61% in 2021, indicating better profitability.

3) Operating expenses increased from 24.85% to 26.78%, which means higher costs in 2021.

4) Provisions & Contingencies reduced from 17.73% in 2020 to 16.57% in 2021, improving net profit

**TREND ANALYSIS OF STATEMENT OF PROFIT AND LOSS OF SBI Ltd 2017-2019**

*(Base Year: 2017 = 100% for all items)*

**TABLE 4.12: TREND ANALYSIS**

| **Particulars** | **2017 (Base Year)** | **2018** | **2019** | **% of 2017** | **% of 2018 to 2017** | **% of 2019 to 2017** |
|---|---|---|---|---|---|---|
| **INCOME** | | | | **100%** | **125.61%** | **138.38%** |
| Interest Earned | 1,755,182,404 | 2,204,993,156 | 2,428,686,535 | 100% | 125.61% | 138.38% |
| Other Income | 354,609,275 | 446,006,871 | 367,748,878 | 100% | 125.76% | 103.70% |
| **Total Income** | **2,109,791,679** | **2,651,000,027** | **2,796,435,413** | **100%** | **125.68%** | **132.47%** |
| **EXPENDITURE** | | | | **100%** | **128.17%** | **135.96%** |
| Interest Expended | 1,136,585,034 | 1,456,456,000 | 1,545,197,780 | 100% | 128.17% | 135.96% |
| Operating Expenses | 464,727,694 | 599,434,464 | 696,877,374 | 100% | 129.04% | 149.95% |
| Provisions and Contingencies | 403,637,925 | 660,584,100 | 545,737,961 | 100% | 163.69% | 135.27% |

| Particulars | 2017 (Base Year) | 2018 | 2019 | % of 2017 | % of 2018 to 2017 | % of 2019 to 2017 |
|---|---|---|---|---|---|---|
| **Total Expenditure** | **2,004,950,653** | **2,716,474,564** | **2,787,813,115** | **100%** | **135.52%** | **139.08%** |
| **PROFIT** | | | | **100%** | **-62.47%** | **8.22%** |
| Net Profit for the Year | 104,841,026 | -65,474,537 | 8,622,298 | 100% | -62.47% | 8.22% |
| Add: Profit/(Loss) Brought Forward | 3,168 | 3,168 | -150,785,686 | 100% | 100.00% | -4759586.75% |
| **Total Appropriations** | **104,844,194** | **-129,548,266** | **-142,163,388** | **100%** | **-123.60%** | **-135.61%** |
| **APPROPRIATIONS** | | | | **100%** | **104.57%** | **8.22%** |
| Transfer to Statutory Reserve | 31,452,308 | 32,888,788 | 2,586,689 | 100% | 104.57% | 8.22% |
| Transfer to Capital Reserve | 14,933,864 | -11,651,368 | 3,792,076 | 100% | -77.99% | 25.40% |

| Particulars | 2017 (Base Year) | 2018 | 2019 | % of 2017 | % of 2018 to 2017 | % of 2019 to 2017 |
|---|---|---|---|---|---|---|
| Transfer to Investment Fluctuation Reserve | 34,305,464 | -11,651,368 | 0 | 100% | -33.97% | 0.00% |
| Transfer to Revenue Reserve | 21,085,629 | 0 | 0 | 100% | 0.00% | 0.00% |
| Dividend for the Current Year | 3,063,761 | 3,718,401 | 0 | 100% | 121.37% | 0.00% |
| Balance Carried Over to Balance Sheet | 3,168 | -150,785,686 | -152,260,554 | 100% | -4759586.75% | -4802680.25% |
| **Total** | **104,844,194** | **-129,548,266** | **-142,163,388** | **100%** | **-123.60%** | **-135.61%** |
| **Earnings Per Share (EPS)** | | | | **100%** | **-57.88%** | **7.23%** |
| Basic | 13.43 | -7.767 | 0.97 | 100% | -57.88% | 7.23% |
| Diluted | 13.43 | -7.767 | 0.97 | 100% | -57.88% | 7.23% |

**Interpretations:**

1. Net profit margin improved from 4.8% to 6.6%, showing stronger earnings.

2.Operating expenses rose from 24.9% to 26.8%, indicating higher spending.

3.Provisions and contingencies decreased from 17.7% to 16.6%, helping boost profits

## LIQUIDITY RATIOS

**BALANCE SHEET OF STATE BANK OF INDIA 2017**

**TABLE 4.13: BALANCE SHEET OF STATE BANOF INDIA 2017**

| Metric | 2017 Value |
|---|---|
| Current Ratio | 0.41 |
| Quick Ratio | 0.36 |
| Absolute Liquidity Ratio | 0.08 |

**BALANCE SHEET OF STATE BANK OF INDIA 2018 & 2019**

**TABLE 4.14: BALANCE SHEET OF STATE BANK OF INDIA 2018 & 2019**

| Metric | 2018 | 2019 |
|---|---|---|
| Current Ratio | 0.41 | 0.42 |
| Quick Ratio | 0.37 | 0.36 |
| Absolute Liquidity Ratio | 0.07 | 0.08 |

**BALANCE SHEET OF STATE BANK OF INDIA 2020 & 2021**

**TABLE 4.15: BALANCE SHEET OF STATE BANK OF INDIA 2020 & 2021**

| Metric | 2020 | 2021 |
|---|---|---|
| Current Ratio | 0.44 | 0.40 |
| Quick Ratio | 0.41 | 0.34 |

| Metric | 2020 | 2021 |
|---|---|---|
| Absolute Liquidity Ratio | 0.08 | 0.07 |

**BALANCE SHEET OF STATE BANK OF INDIA 2022 & 2023**

**TABLE 4.16: BALANCE SHEET OF STATE BANK OF INDIA 2022 & 2023**

| Metric | 2022 | 2023 |
|---|---|---|
| Current Ratio | 2.08 | 2.07 |
| Quick Ratio | 1.89 | 1.85 |
| Absolute Liquidity Ratio | 0.08 | 0.07 |

**BALANCE SHEET OF FEDERAL BANK 2017**

**TABLE 4.17: BALANCE SHEET OF FEDERAL BANK 2017**

| Ratio | Value |
|---|---|
| Current Ratio | 0.122 |
| Quick Ratio | 0.070 |
| Absolute Liquidity Ratio | 0.070 |

**BALANCE SHEET OF FEDERAL BANK 2018 & 2019**

**TABLE 4.18: BALANCE SHEET OF FEDERAL BANK 2018 & 2019**

| Ratio | 2019 | 2018 |
|---|---|---|
| Current Ratio | 0.115 | 0.119 |
| Quick Ratio | 0.068 | 0.072 |
| Absolute Liquidity Ratio | 0.068 | 0.072 |

**BALANCE SHEET OF FEDERAL BANK 2020 & 2021**

**TABLE 4.19: BALANCE SHEET OF FEDERAL BANK 2020 & 2021**

| Ratio | 2021 | 2020 |
|---|---|---|
| Current Ratio | 0.171 | 0.132 |
| Quick Ratio | 0.105 | 0.076 |
| Absolute Liquidity Ratio | 0.105 | 0.076 |

**BALANCE SHEET OF FEDERAL BANK 2022 & 2023**

**TABLE 4.20: BALANCE SHEET OF FEDERAL BANK 2022 & 2023**

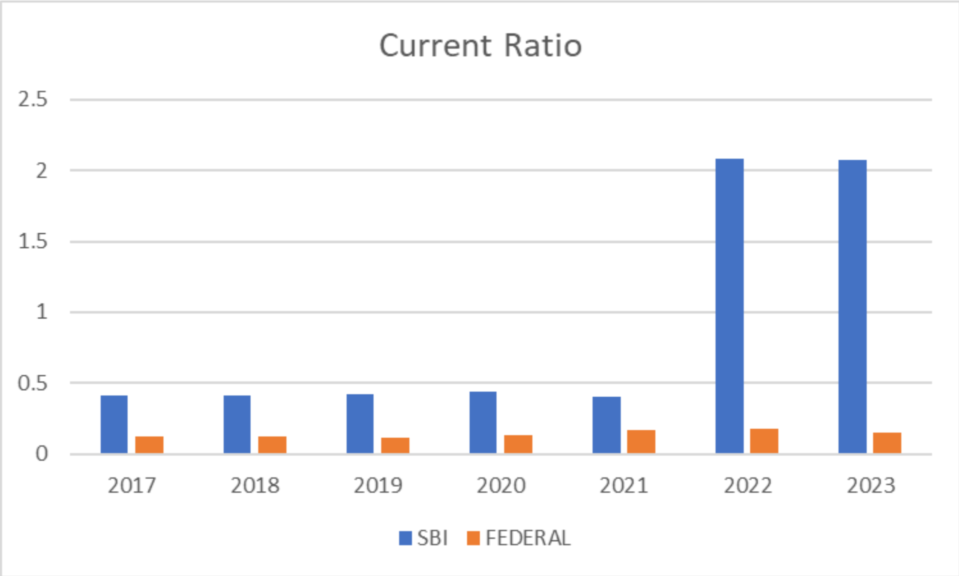
| Ratio | 2023 | 2022 |
|---|---|---|
| Current Ratio | 0.148 | 0.177 |
| Quick Ratio | 0.073 | 0.102 |
| Absolute Liquidity Ratio | 0.073 | 0.102 |

## CURRENT RATIO OF STATE BANK OF INDIA AND FEDERAL BANK

**TABLE 4.21: Current Ratio of SBI and Federal Bank**

| YEAR | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| SBI | 0.41 | 0.41 | 0.42 | 0.44 | 0.40 | 2.08 | 2.07 |
| FEDERAL | 0.122 | 0.119 | 0.115 | 0.132 | 0.171 | 0.177 | 0.148 |

**Figure 4.21.1: Current Ratio of SBI and Federal Bank**




**Interpretations:**

1.With a current ratio increasing to 2.07 in 2023, SBI is in a strong position to meet its short-term obligations.

2.Its current ratio remains low (0.148 in 2023), indicating potential challenges in covering short-term liabilities.

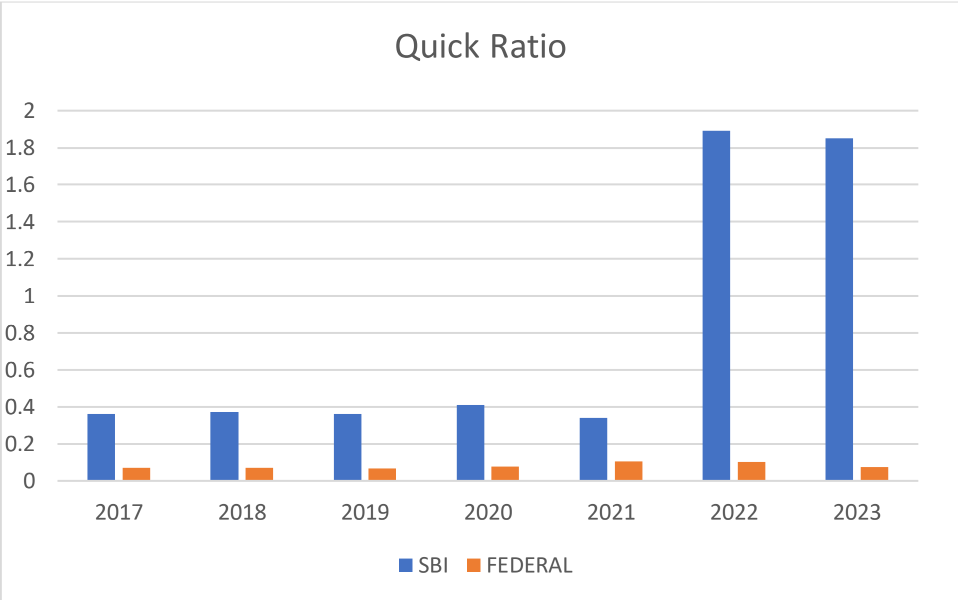
3.SBI's liquidity position strengthened considerably after 2020, whereas Federal Bank's improvement has been gradual and remains relatively low.

## QUICK RATIO OF STATE BANK OF INDIA AND FEDERAL BANK

**TABLE 4.22: Quick Ratio of SBI and Federal Bank**

| YEAR | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| SBI | 0.36 | 0.37 | 0.36 | 0.41 | 0.34 | 1.89 | 1.85 |
| FEDERAL | 0.070 | 0.072 | 0.068 | 0.076 | 0.105 | 0.102 | 0.073 |

**Figure 4.22.2: Quick Ratio of SBI and Federal Bank**




**Interpretations**:

1.Its liquidity ratio rose to 1.85 in 2023, indicating it can easily meet short-term obligations.

2.With a low liquidity ratio of 0.073 in 2023, it may face difficulties in handling short-term financial needs.

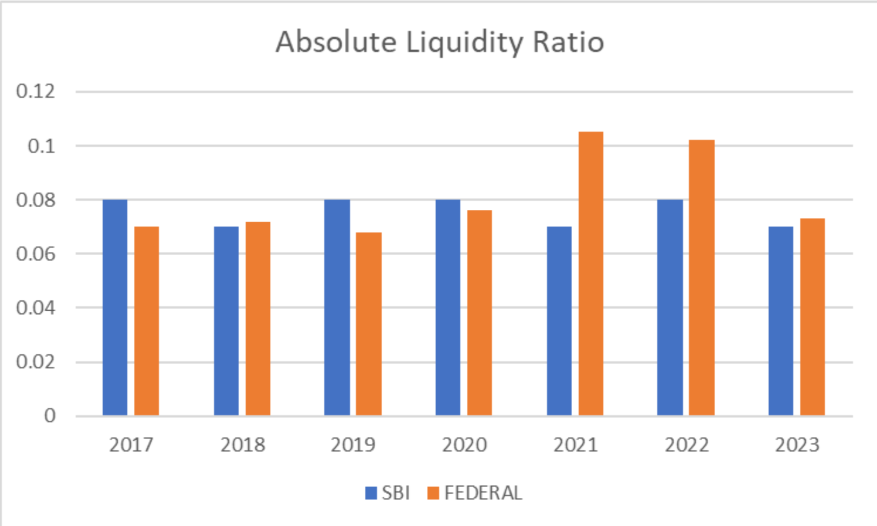
3.SBI's liquidity position strengthened after 2020, whereas Federal Bank's improvement was minimal and remains much lower

## ABSOLUTE LIQUIDITY RATIO OF STATE BANK OF INDIA AND FEDERAL BANK

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| SBI | 0.08 | 0.07 | 0.08 | 0.08 | 0.07 | 0.08 | 0.07 |
| FEDERAL | 0.070 | 0.072 | 0.068 | 0.076 | 0.105 | 0.102 | 0.073 |

**TABLE 4.23: Absolute Liquid Ratio of SBI and Federal bank**

**Figure 4.23: Absolute Liquid Ratio of SBI and Federal Bank**




**Interpretations:**

1.Its ratio stayed stable between 0.07 and 0.08 from 2017 to 2023, showing steady operations.

2.The ratio peaked at 0.105 in 2021 but later declined to 0.073 in 2023, indicating variability in performance.

3.Despite minor changes, both SBI and Federal Bank maintained relatively low ratios, suggesting room for improvement in performance.

**Overall Summary: SBI vs. Federal Bank (Pre-COVID vs. Post-COVID Analysis)**

**The financial performance of SBI and Federal Bank from 2017 to 2023 reveals key trends influenced by the COVID-19 pandemic.**

- **Pre-COVID (2017-2019):**
  - Both banks exhibited steady growth in deposits, advances, and investments.
  - SBI had a fluctuating investment pattern, while Federal Bank maintained a steady investment expansion.
  - Liquidity ratios were lower, indicating banks focused more on lending rather than maintaining high cash reserves.
  - Net profit and total income grew consistently, though cost management remained a challenge.
- **Post-COVID (2020-2023):**
  - SBI saw a sharp improvement in liquidity ratios, with the current ratio in 2022-23.
  - Federal Bank's liquidity improved slightly but remained weak.
  - Higher borrowings were observed in both banks, indicating reliance on external funding.
  - Improved cost control and profitability post-COVID, as net profit and earnings per share (EPS) increased.
  - SBI and Federal Bank both expanded digital banking services, enhancing efficiency and customer experience.

## Findings (Pre-COVID vs. Post-COVID)

**1. Liquidity and Financial Stability**

- **Pre-COVID:** SBI and Federal Bank had lower liquidity, with a greater focus on lending rather than cash reserves.
- **Post-COVID:** SBI's liquidity ratios improved significantly, while Federal Bank made only minor progress in liquidity management.

**2. Deposits and Advances Growth**

- **Pre-COVID:** Steady growth in deposits and advances, indicating strong customer confidence and credit expansion.
- **Post-COVID:** SBI collected more deposits and had more stable funding than Federal Bank.

**3. Borrowings and Risk Exposure**

- **Pre-COVID:** Both banks relied less on borrowings, focusing more on deposit-based funding.
- **Post-COVID:** Higher borrowings were observed, increasing financial costs and contingent liabilities, especially for Federal Bank.

**4. Profitability and Cost Efficiency**

- **Pre-COVID:** Profitability was growing steadily, but operational costs were rising at a controlled pace.
- **Post-COVID:** Improved cost efficiency, controlled provisions, and higher earnings per share (EPS) for both banks, especially SBI.

**5. Investment and Asset Utilization**

- **Pre-COVID:** Investments were fluctuating, with SBI showing variability and Federal Bank maintaining steady investment growth.
- **Post-COVID**: SBI optimized fixed asset utilization, while Federal Bank increased investments in financial assets.

## Suggestions (For State Bank of India & Federal Bank)

**For State bank of India:**

1. Maintain Liquidity Discipline – Ensure liquidity remains adequate without excessive cash reserves that could impact profitability.
2. Optimize Borrowing Strategies –Rely less on borrowing by increasing deposits and using funds wisely.
3. Diversify Revenue Streams – Expand non-interest income sources like fee-based services, digital banking, and investment earnings.
4. Strengthen Asset Utilization – Ensure optimal use of fixed assets and investments to improve operational efficiency.
5. Sustain Digital Banking Expansion – Continue enhancing digital services for cost efficiency and customer satisfaction.

**For Federal Bank:**

1. Improve Liquidity Management – Increase cash reserves and quick assets to improve financial stability.
2. Reduce Borrowing Dependence – Focus on long-term, low-cost funding options to reduce financial risks.
3. Enhance Risk Management – Strengthen strategies to minimize contingent liabilities and non-performing assets (NPAs).
4. Diversify Investments – Reduce reliance on a few asset categories and spread risk across various investment channels.
5. Expand Digital Banking and Customer Services – Invest in technology and automation to improve operational efficiency.

## CONCLUSION

After COVID, SBI and Federal Bank took steps to improve their financial positions. SBI showed strong resilience with better liquidity, higher profits, and controlled expenses. Federal Bank grew in deposits, advances, and investments but faced liquidity challenges and higher risks. Both banks focused on digital banking and cost-cutting to improve efficiency. While SBI's liquidity improved significantly, Federal Bank still struggles in this area. To grow sustainably, both banks need to manage borrowings, increase income sources, and strengthen risk control. SBI has become stronger post-COVID, while Federal Bank must work on liquidity, risk management, and investments for stable growth.