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A Research Report on Cash Flow Statement Analysis of State Bank of India

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ABSTRACT

A financial institution is an establishment that conducts financial transactions such as investments, loans, and deposits. Almost everyone deals with financial institutions regularly. Everything from depositing money to take out loans and exchanging currencies must be done through financial institutions. Banks are a fundamental element of the financial system, and are also play a major role in financing the economic needs of the nation. It plays a major role in mobilizing the nation’s savings and channelizing them into high investment priorities and better utilization of available resources. Thus, the development of a country is associated with the development of banking. The banking system in India should not only be hassle free but it should be able to meet new challenges posed by technology and any other external and internal factors. Major changes took place in the functioning of Banks in India only after liberalization, globalization and privatization. All these translates into a strong growth for banking sector too, as rapidly growing business turn to banks for their credit needs, thus helping them grow very fast. This study tries to analyze the cash flow statement of SBI for the period 2018-2023.

In the world of finance and business management, the Cash Flow Statement stands as a beacon of financial health and stability. This document serves as a fundamental gauge of a company's ability to generate cash and meet its financial obligations. This statement is one of the three key reports (with the income statement and balance sheet) that help in determining a company’s performance. This project will explore various aspects, including operating, investing, and financing activities, as well as the different formats commonly used for presenting cash flow information. Understanding the Cash Flow Statement is essential for investors, analysts, business managers, and anyone interested in evaluating a company's financial health. It enables stakeholders to make informed decisions, assess a company's ability to meet its short-term obligations, and gain insights into its long-term financial strategy. Throughout this project, we will provide clear explanations, and practical insights into interpreting and utilizing the Cash Flow Statement effectively.

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1. INTRODUCTION

A financial institution is an establishment that conducts financial transactions such as investments, loans, and deposits. Almost everyone deals with financial institutions regularly. Everything from depositing money to take out loans and exchanging currencies must be done through financial institutions. Banks are a fundamental element of the financial system, and are also play a major role in financing the economic needs of the nation. It plays a major role in mobilizing the nation’s savings and channelizing them into high investment priorities and better utilization of available resources. Thus, the development of a country is associated with the development of banking. The banking system in India should not only be hassle free but it should be able to meet new challenges posed by technology and any other external and internal factors. Major changes took place in the functioning of Banks in India only after liberalization, globalization and privatization. All these translates into a strong growth for banking sector too, as rapidly growing business turn to banks for their credit needs, thus helping them grow very fast. Also, with the advancements in technology, mobile and internet banking service have come to the fore. The efficient working of banking system leads to survival of any country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial needs of the people. Public and private sector banks are such financial entities in our country. Banks are responsible for the overall banking needs of the people around the country. Banks make the productive utilization of ideal funds, thus assists the society to produce wealth. SBI is India's largest private sector lender in terms of assets. The company has been fastest-growing bank in India since the last decade. It is also the largest bank in India by market capitalization as on March 2023 and operates across 3 verticals namely retail banking, wholesale banking and treasury. It has become very mandatory to study and make a cash flow statement of private sector bank. This study tries to analyse the cash flow statement of SBI for the period 2018-2023. A cash flow statement is an important tool used to manage finances by tracking the cash flow for an organization. This statement is one of the three key reports (with the income statement and the balance sheet) that help in determining a company's performance. It is usually helpful for making cash forecast to enable short term planning. The cash flow statement shows the source of cash and helps you monitor incoming and outgoing money. Incoming cash for a business comes from operating activities, investing activities and financial activities. The statement also informs about cash outflows, expenses. A bank is a financial institution that accepts deposits from the public and creates a demand deposit while simultaneously making loans. Lending activities can be directly performed by the bank or indirectly through capital markets. Whereby banks play an important role in financial stability and the economy of a country, most jurisdictions exercise a high degree of regulation over banks. Most countries have institutionalized a system known as fractional-reserve banking, under which banks hold liquid assets equal to only a portion of their current liabilities. In addition to other regulations intended to ensure liquidity, banks are generally subject to minimum capital requirements based on an international set of capital standards, the Basel Accords. Banking in its modern sense evolved in the fourteenth century in the prosperous cities of Renaissance Italy but in many ways functioned as a continuation of ideas and concepts of credit and lending that had their roots in the ancient world.

1.1. GROWTH OF BANKING IN INDIA

Modern banking in India originated in the mid of 18th century. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829–32; and the General Bank of India, established in 1786 but failed in 1791.

The largest and the oldest bank which is still in existence is the State Bank of India (SBI). It originated and started working as the Bank of Calcutta in mid-June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks founded by a presidency government, the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence, became the State Bank of India in 1955. For many years, the presidency banks had acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935, under the Reserve Bank of India Act, 1934.

In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. However, the merger of these associated banks with SBI went into effect on1April 2017. In 1969, the Government of India nationalized 14 major private banks; one of the big banks was Bank of India. In 1980, 6 more private banks were nationalized. These nationalized banks are the majority of lenders in the Indian economy. They dominate the banking sector because of their large size and widespread networks.

The Indian banking sector is broadly classified into scheduled and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into nationalized banks State Bank of India and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks. The SBI has merged its Associate banks into itself to create the largest Bank in India on 1 April 2017. With this merger SBI has a global ranking of 236 on Fortune 500 index. The term commercial bank refers to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949.

Generally, the supply, product range and reach of banking in India is fairly mature-even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives to address this through the State Bank of India expanding its branch network and through the National Bank for Agriculture and Rural Development (NABARD) with facilities like microfinance. Banking in India forms the base for the economic development of the country. Major changes in the banking system and management have been seen over the years with the advancement in technology, considering the needs of people. The History of Banking in India dates back to before India got independence in 1947 and is a key topic in terms of questions asked in various government exam. In this article, we shall discuss in detail the evolution of the banking sector in India.

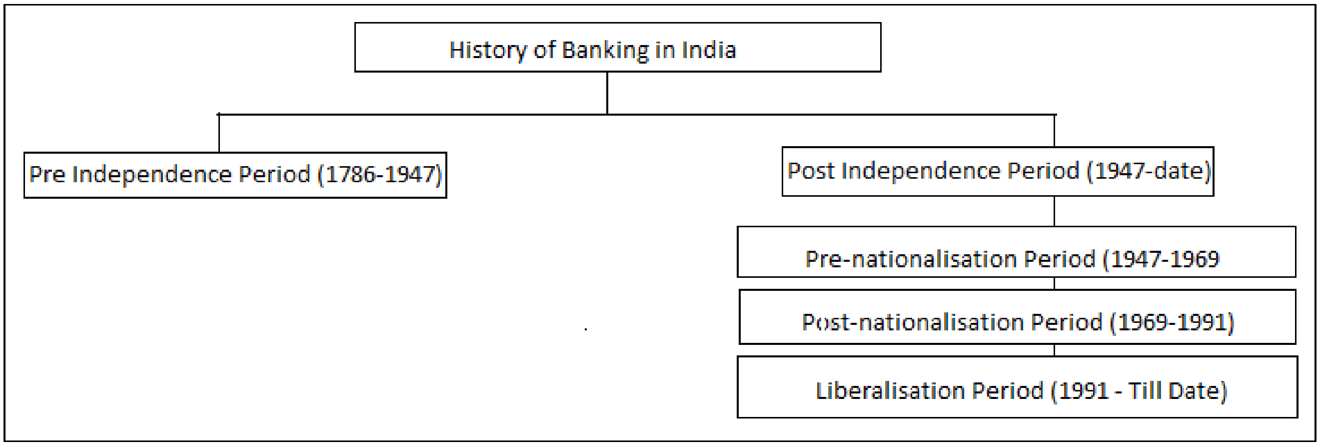
The banking sector development can be divided into three phases:

Phase I: The Early Phase which lasted from 1770 to 1969

Phase II: The Nationalization Phase which lasted from 1969 to 1991

Phase III: The Liberalization or the Banking Sector Reforms Phase which began in 1991 and continues to flourish till date. Given below is a pictorial representation of the evolution of the Indian banking system over the years:

CHART 1.1 EVOLUTION OF INDIAN BANKING



Source: https://byjus.com/bank-exam/history-banking-india

Chart 1.1 describes the evolution of banking in India which are explained below:

1. Pre Independence-Period (1786-1947)

The first bank of India was the "*Bank of Hindustan*", established in 1770 and located in the then Indian capital, Calcutta. However, this bank failed to work and ceased operations in 1832.

During the Pre Independence period over 600 banks had been registered in the country, but only a few managed to survive.

Following the path of Bank of Hindustan, various other banks were established in India. They were:
- The General Bank of India (1786-1791)
- Oudh Commercial Bank (1881-1958)
- Bank of Bengal (1809)
- Bank of Bombay (1840)
- Bank of Madras (1843)

During the British rule in India the East India Company had established three banks: Bank of Bengal, Bank of Bombay and Bank of Madras and called them the Presidential Banks. These three banks were later merged into one single bank in 1921, which was called the "*Imperial Bank of India.*"

The Imperial Bank of India was later nationalized in 1955 and was named The State Bank of India, which is currently the largest public sector Bank.

Reasons why many major banks failed to survive during the pre-independence period the following conclusions can be drawn:
- Indian account holders had become fraud-prone
- Lack of machines and technology
- Human errors & time-consuming
- Fewer facilities
- Lack of proper management skills

Following the Pre-Independence period was the post-independence period, which observed some significant changes in the banking industry scenario and has till date developed a lot.

2. Post Independence Period (1947-1991)

At the time when India got independence, all the major banks of the country were led privately which was a cause of concern as the people belonging to rural areas were still dependent on money lenders for financial assistance. With an aim to solve this problem, the then Government decided to nationalize the Banks. These banks were nationalized under the Banking Regulation Act, 1949. Whereas, the Reserve Bank of India was nationalized in 1949.Following it was the formation of State Bank of India in 1955 and the other 14 banks were nationalized between the time duration of 1969 to 1991. These were the banks whose national deposits were more than 50 crores.

Given below is the list of these 14 Banks nationalized in 1969:
1. Allahabad Bank
2. Bank of India
3. Bank of Baroda
4. Bank of Maharashtra
5. Central Bank of India
6. Canara Bank
7. Dena Bank
8. Indian Overseas Bank
9. Indian Bank
10. Punjab National Bank
11. Syndicate Bank
12. Union Bank of India
13. United Bank
14. UCO Bank

In the year 1980, another 6 banks were nationalized, taking the number to 20 banks. These banks included:
1. Andhra Bank
2. Corporation Bank
3. New Bank of India
4. Oriental Bank of Comm.
5. Punjab & Sind Bank
6. Vijaya Bank

Apart from the above mentioned 20 banks, there were seven subsidiaries of SBI which were nationalized in 1959:
1. State Bank of Patiala
2. State Bank of Hyderabad
3. State Bank of Bikaner & Jaipur
4. State Bank of Mysore
5. State Bank of Travancore
6. State Bank of Saurashtra
7. State Bank of Indore

All these banks were later merged with the State Bank of India in 2017, except for the State Bank of Saurashtra, which merged in 2008 and State Bank of Indore, which merged in 2010.

Note: The Regional Rural Banks in India were established in the year 1975 for the development of rural areas in India. Candidates can get the list of RRBs in India at the linked article.

Impact of Nationalisation

There were various reasons why the Government chose to nationalize the banks. Given below is the impact of Nationalizing Banks in India:
- This lead to an increase in funds and thereby increasing the economic condition of the country
- Increased efficiency
- Helped in boosting the rural and agricultural sector of the country
- It opened up a major employment opportunity for the people

- The Government used profit gained by Banks for the betterment of the people
- The competition decreased, which resulted in increased work efficiency

This post Independence phase was the one that led to major developments in the banking sector of India and also in the evolution of the banking sector

3. Liberalization Period (1991-Till Date)

Once the banks were established in the country, regular monitoring and regulations need to be followed to continue the profits provided by the banking sector. The last phase or the ongoing phase of the banking sector development plays a hugely significant role.

To provide stability and profitability to the Nationalized Public sector Banks, the Government decided to set up a committee under the leadership of Shri. M Narasimham to manage the various reforms in the Indian banking industry.

The biggest development was the introduction of Private sector banks in India. RBI gave license to 10 Private sector banks to establish themselves in the country. These banks included:

1. Global Trust Bank
2. ICICI Bank
3. SBI
4. Axis Bank
5. Bank of Punjab
6. IndusInd Bank
7. Centurion Bank
8. IDBI Bank
9. Times Bank
10. Development Credit Bank

The other measures taken include:

- Setting up of branches of the various Foreign Banks in India
- No more nationalization of Banks could be done
- The committee announced that RBI and Government would treat both public and private sector banks equally
- Any Foreign Bank could start joint ventures with Indian Banks
- Payments banks were introduced with the development in the field of banking and technology
- Small Finance Banks were allowed to set their branches across India
- A major part of Indian banking moved online with internet banking and apps available for fund transfer

Thus, the history of banking in India shows that with time and the needs of people, major developments have been brought about in the banking sector with an aim to prosper it.

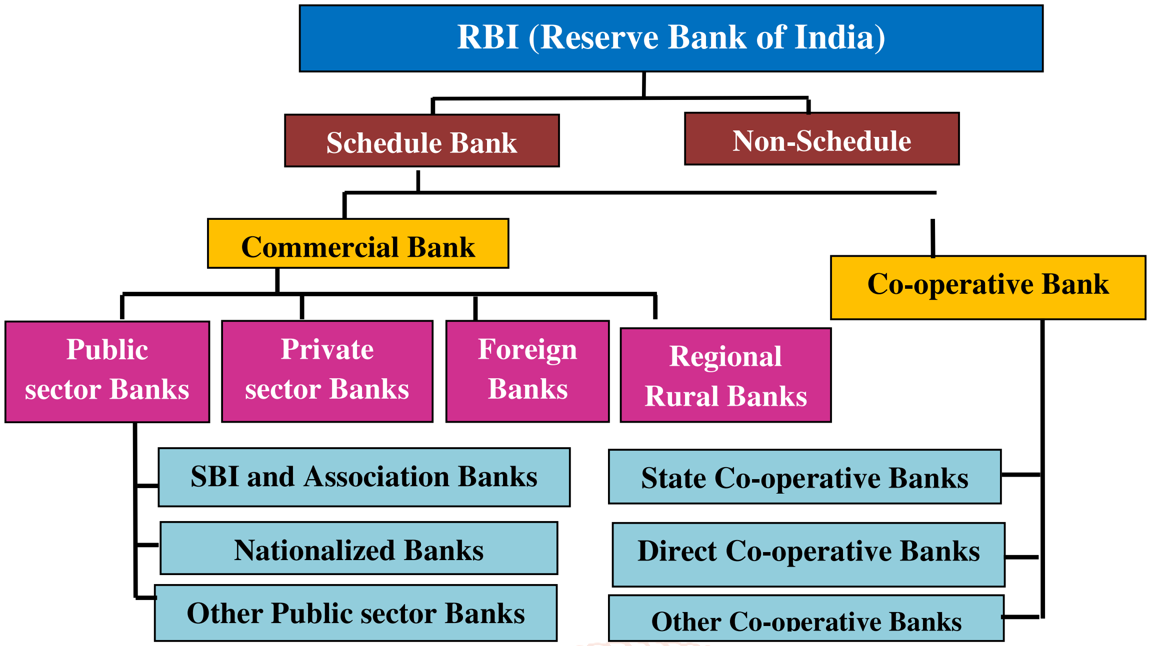
1.2. STRUCTURE OF BANKING SYSTEM IN INDIA

The banking system plays an important role in promoting economic growth not only by channeling savings into investments but also by improving allocative efficiency of resources. The recent empirical evidence, in fact, suggests that banking system contributes to economic growth more by improving the allocative efficiency of resources than by channeling of resources from savers to investors. An efficient banking system is now regarded as a necessary precondition for growth.

The banking system of India consists of the RBI, commercial banks, cooperative banks and development banks (development finance institutions). These institutions, which provide a meeting ground for the savers and the investors, form the core of India's financial sector.

Through mobilization of resources and their better allocation, banks play an important role in the development process of underdeveloped countries.

CHART 1.2 STRUCTURE OF INDIAN BANKING SYSTEM



Source: https://byjusexamprep.com/state-psc/banking-system-in-india-money-market

RBI is an institution of national importance and the pillar of the surging Indian economy. It is a member of the International Monetary Fund (IMF).

- The concept of Reserve Bank of India was based on the strategies formulated by Dr. Ambedkar in his book named "The Problem of the Rupee – Its origin and its solution".
- This central banking institution was established based on the suggestions of the "Royal Commission on Indian Currency & Finance" in 1926. This commission was also known as **Hilton Young Commission.**
- In 1949, the Reserve Bank of India was nationalized and became a member bank of the Asian Clearing Union.
- RBI regulates the credit and currency system in India.
- The chief objectives of the RBI are to sustain the confidence of the public in the system, protect the interests of the depositors, and offer cost-effective banking services like cooperative banking and commercial banking to the people.

Reserve Bank of India (RBI) – Timeline
1926 Set-up of Hilton and Young commission for central bank in India
1934 Enacted the RBI ACT
1935 RBI established on 1st April in Kolkata
1951 Nationalisation of RBI.

I. SCHEDULED BANK

Scheduled Banks in India refer to those banks which have been included in the Second Schedule of Reserve Bank of India Act, 1934. Reserve Bank of India (RBI) in turn includes only those banks in this Schedule which satisfy all the criteria laid down vide section 42(6)(a) of the said Act. Banks not under this Schedule are called Non-Scheduled Banks

All scheduled banks enjoy the following facilities:

- Such a bank becomes eligible for debts/loans on bank rate from the RBI.
- Such a bank automatically acquires the membership of a clearing house. Scheduled banks are further divided into commercial and cooperative banks.

A. COMMERCIAL BANKS

The institutions that accept deposits from the general public and advance loans with the purpose of earning profits are known as Commercial Banks. Commercial banks can be broadly divided into public sector, private sector, foreign banks and RRBs.

- In Public Sector Banks the majority stake (i.e. more than 50%) is held by the government. After the recent amalgamation of smaller banks with larger banks, there are 12 public sector banks in India as of now. An example of Public Sector Bank is State Bank of India.
- Private Sector Banks are banks where the major stakes in the equity are owned by private stakeholders or business houses. A few major private sector banks in India are SBI, Kotak Mahindra Bank, ICICI Bank etc.
- A Foreign Bank is a bank that has its headquarters outside the country but runs its offices as a private entity at any other location outside the country. Such banks are under an obligation to operate under the regulations provided by the central bank of the country as well as the rule prescribed by the parent organization located outside India. An example of Foreign Bank in India is Citi Bank.
- Regional Rural Banks were established under the Regional Rural Banks Ordinance, 1975 with the aim of ensuring sufficient institutional credit for agriculture and other rural sectors. The area of operation of RRBs is limited to the area notified by the Government. RRBs are owned jointly by the Government of India, the State Government and Sponsor Banks. An example of RRB in India is Arunachal Pradesh Rural Bank.

B. COOPERATIVE BANKS

A Cooperative Bank is a financial entity that belongs to its members, who are also the owners as well as the customers of their bank. They provide their members with numerous banking and financial services. Cooperative banks are the primary supporters of agricultural activities, some small-scale industries and self-employed workers. An example of a Cooperative Bank in India is Mehsana Urban Co-operative Bank.

At the ground level, individuals come together to form a Credit Co-operative Society. The individuals in the society include an association of borrowers and non-borrowers residing in a particular locality and taking interest in the business affairs of one another. As membership is practically open to all inhabitants of a locality, people of different status are brought together into the common organization. All the societies in an area come together to form a Central Cooperative Banks.

Cooperative banks are further divided into two categories - urban and rural.

- Rural cooperative Banks are either short-term or long-term.
- Short-term cooperative banks can be subdivided into State Co-operative Banks, District Central Co-operative Banks, and Primary Agricultural Credit Societies.
- Long-term banks are either State Cooperative Agriculture or Rural Development Banks (SCARDBs) or Primary Cooperative Agriculture and Rural Development Banks (PCARDBs).
- Urban Co-operative Banks (UCBs) refer to primary cooperative banks located in urban and semi-urban areas.

C. DEVELOPMENT BANKS

Financial institutions that provide long-term credit in order to support capital intensive investments spread over a long period and yielding low rates of return with considerable social benefits are known as Development Banks. The major development banks in India are; Industrial Finance Corporation of India (IFCI Ltd), 1948, Industrial Development Bank of India' (IDBI) 1964, Export-Import Banks of India (EXIM) 1982, Small Industries Development Bank of India (SIDBI) 1989, National Bank for Agriculture and Rural Development (NABARD) 1982.

The banking system of a country has the capability to heavily influence the development of a country's economy. It is also instrumental in the development of rural and suburban regions of a country as it provides capital for small businesses and helps them to grow their business. The organized financial system comprises Commercial Banks, Regional Rural Banks (RRBs), Urban Co-operative Banks (UCBs), Primary Agricultural Credit Societies (PACS) etc. caters to the financial service requirement of the people. The initiatives taken by the Reserve Bank and the Government of India in order to promote financial inclusion have considerably improved the access to the formal financial institutions. Thus, the banking system of a country is very significant not only for economic growth but also for promoting economic equality.

II. NON-SCHEDULED BANK

All banks which are not included in the second section of the Reserve Bank of India Act, 1934 are Non-scheduled Banks. They are not eligible to borrow from the RBI for normal banking purposes except for emergencies.

There are so many banks come under the public sector in India but for the purpose of this study I have selected State Bank of India to analyze its cash flow statement.

1.3. PROFILE OF STATE BANK OF INDIA (SBI)

SBI Headquarters

Source: State_Bank_of_India_logo.svg

State bank of India is an Indian multinational public sector bank and financial Services statutory body headquartered in Mumbai, Maharashtra. SBI is the 48th largest bank in the world by total assets and ranked 221st in the Fortune Global 500 list of the world's biggest corporations of 2020, being the only Indian bank on the list. It is a public sector bank and the largest bank in India with a 23% market share by assets and a 25% share of the total loan and deposits market. It is also the tenth largest employer in India with nearly 250,000 employees. On 14 September 2022, State Bank of India became the third lender (after SBI and ICICI Bank) and seventh Indian company to cross the ₹ 5-trillion market capitalization on the Indian stock exchanges for the first time.

SBI, the largest Indian Bank with 1/4th market share, serves over 48 crores customers through its vast network of over 22,405 branches, 65,627 ATMs/ADWMs, 76,089 BC outlets, with an undeterred focus on innovation, and customer centricity, which stems from the core values of the Bank - Service, Transparency, Ethics, Politeness and Sustainability. The Bank has successfully diversified businesses through its various subsidiaries i.e. SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card, etc. It has spread its presence globally and operates across time zones through 235 offices in 29 foreign countries. Growing with times, SBI continues to redefine banking in India, as it aims to offer responsible and sustainable Banking solutions.

1.4. HISTORY OF STATE BANK OF INDIA

1955 – 1970

1970 -2017

2017 – Today

The roots of State Bank of India lie in the first decade of the 19th century when the Bank of Calcutta later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of royal charters. These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The Presidency banks amalgamated on 27 January 1921, and the re-organized banking entity took as its name Imperial Bank of India. The Imperial Bank of India remained a joint-stock company but without Government participation. The bank descends from the Bank of Calcutta, founded in 1806 via the Imperial Bank of India, making it the oldest commercial bank in the Indian subcontinent. The Bank of Madras merged into the other two presidency banks in British India, the Bank of Calcutta and the Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India in 1955. Overall the bank has been formed from the merger and acquisition of more than twenty banks over the course of its 200 year history. The Government of India took control of the Imperial Bank of India in 1955, with Reserve Bank of India (India's central bank) taking a 60% stake, renaming it State Bank of India.

Pursuant to the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 1 July 1955, the Imperial Bank of India became the State Bank of India. In 2008, the Government of India acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.

In 1959, the government passed the State Bank of India (Subsidiary Banks) Act. This made eight banks that had belonged to princely states into subsidiaries of SBI. This was at the time of the First Five Year Plan, which prioritised the development of rural India. The government integrated these banks into the State Bank of India system to expand its rural outreach. In 1963 SBI merged State Bank of Jaipur (est. 1943) and State Bank of Bikaner (est.1944).

SBI has acquired local banks in rescues. The first was the Bank of Bihar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired Krishnaram Baldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja Madho Rao Scindia. The bank had been the *Dukan Pichadi*, a small moneylender, owned by the Maharaja. The new bank's first manager was Jall N. Broacha. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

National Institute of Design, Ahmedabad designed the SBI logo in 1971. There was, even before it actually happened, a proposal to merge all the associate banks into SBI to create a single very large bank and streamline operations.

The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra merged with SBI, reducing the number of associate state banks from seven to six. On 19 June 2009, the SBI board approved the absorption of State Bank of Indore, in which SBI held 98.3%. (Individuals who held the shares prior to its takeover by the government held the balance of 1.7 %.).

The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Also, following the acquisition, SBI's total assets approached ₹10 trillion. The total assets of SBI and the State Bank of Indore were ₹9,981,190 million as of March 2009. The process of merging of State Bank of Indore was completed by April 2010, and the SBI Indore branches started functioning as SBI branches on 26 August 2010.

On 7 October 2013, Arundhati Bhattacharya became the first woman to be appointed Chairperson of the bank. Mrs. Bhattacharya received an extension of two years of service to merge into SBI the five remaining associate banks.A significant year for SBI as it merged with several associate banks, including State Bank of Mysore, State Bank of Travancore, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, and Bhartiya Mahila Bank. This move significantly expanded its reach, making it one of the largest banks in India by assets.

In 2017 SBI continued its consolidation strategy by merging with the State Bank of Patiala, further contributing to its growth and reach.

On 16th Aug 2022 an attempt to facilitate and support start-ups in the country, the State Bank of India (SBI) announced the launch of its first "state-of-the-art" dedicated branch for start-ups in the country in Bengaluru.

State Bank of India (SBI) a Fortune 500 company is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The rich heritage and legacy of over 200 years, accredits SBI as the most trusted Bank by Indians through generations.

1.5. CURRENT POSITION OF SBI

The company exhibits strong market share leadership, with a substantial presence in Individual New Business Premium, Individual Rated Premium, and Total New Business Premium, capturing 27%, 23%, and 22% of the market, respectively. Business performance has been robust, with notable growth in Individual New Business Premium and Individual Rated Premium by 18% and 3%, respectively. Additionally, the company maintains a competitive edge with a low operating expense ratio of 6.8% and a healthy solvency ratio of 2.15. However, there was a slight decrease in the Value of New Business (VONB) by 1% and a negative VONB margin of -157 basis points. In the cards and spending sectors, the company holds the second position, with a growing portfolio in cards, spends, and receivables. It has also achieved impressive profitability, with a 26% growth in revenue from operations, a PAT of ₹593 Cr, and robust return metrics (ROA at 5.1% and ROE at 23.3%). Furthermore, the company maintains a strong capital adequacy ratio (CAR) at 22.9% and Tier 1 capital at 20.3%. On the insurance front, Gross Written Premium (GWP) and Assets Under Management (AUM) have grown by 12% and 21% YoY, respectively, in Q1FY24. In the general insurance sector, the company holds a market share of 4.82% in YTD Jun'23 and reports a loss ratio of 90% and a combined ratio of 112% in the same period. Finally, the company has established itself as a key player in India's borrower loan market, jointly holding a market share of 49.9% in Current Year 2023.

1.6. MISSION, VISION AND VALUES OF THE SBI

A. MISSION OF THE SBI

- We will be prompt, polite and proactive with our customers.
- We will speak the language of young India.
- We will create products and services that help our customers achieve their goals.
- We will go beyond the call of duty to make our customers feel valued.
- We will be of service even in the remotest part of our country.
- We will offer excellence in services to those aboard as much as we do to those in India.
- We will imbibe state-of-the-art technology to drive excellence.

B. VISSION OF THE SBI

- My customer first.
- My SBI: First in customer satisfaction.

C. VALUES OF THE SBI

- We will always be honest, transparent and ethical.
- We will respect our customers and fellow associates.
- We will be knowledge driven.
- We will learn and we will share our learning.
- We will never take the easy way out.
- We will do everything we can to contribute to the community we work in.
- We will nurture pride in India.

CONCLUSION

- Thus, the Banking in India has reflecting the nation's economic growth and changing financial landscape. From ancient banking practices to the modern banking system. The State Bank of India, as the country's largest and oldest commercial bank, has been played an important role in shaping the banking industry. This study presents the fascinating journey of the State Bank of India, examining its growth, impact, and its vital role in India's economic development.

2. RESEARCH METHODOLOGY

A research methodology is an outline of how a given piece of research is carried out. It defines the techniques or procedures that are used to identify and analyse information regarding a specific research topic. The research methodology, therefore, has to do with how a researcher designs their study in a way that allows them to obtain valid and reliable results and meet their research objectives. The study stipulates the methodological choices made and also substantiates why these choices were made.

2.1. NEED OF THE STUDY

Cash flow statement is the techniques used in analytical analysis that attempt to predicts the Future price movements based on recently observed cash flow statement analysis. It is based on the idea that what has happened in the past gives traders an idea of what will happen in the future. It is a trading strategy that attempts to capture gains through the analysis of an asset's movement in a particular direction.

2.2. OBJECTIVES OF THE STUDY

The main objectives of the study are: -

1. To study the financial statement of cash flow in SBI.
2. To analyse the liquid performance of SBI.
3. To determine net changes in cash and cash equivalents.
4. To provide information about cash inflows and outflows from operating, investing and financing activities.
5. To suggest the measures for improving cash position of the Bank.

2.3. SCOPE OF THE STUDY
The statement of cash flows is required to report cash flows classified by operating, investing and financing activities along with the components of cash and cash equivalents at the beginning and end of the reporting period, except in limited circumstances where cash flows are offset and reported on net basis. An entity shall prepare a statement of cash flows in accordance with the key requirements of Indian AS 7 and shall present it as an integral part of its financial statements for each period for which financial statements are prepared.

2.4. SOURCES OF DATA
This study is analytical in nature and based on secondary data which is collected from secondary source via-various journals, annual reports and websites of various banks and through various search engines for the last five years. The study covers a period of five years from 2018 to 2023.

2.5. DATA ANALYSIS
Cash flow statements are used to analyse the financial performance of the SBI for the years 2018 to 2023 with the help of Bank's financial statement i.e. Balance sheet and Income statements.

2.6. SIGNIFICANCE OF THE STUDY
The cash flow statement is useful in terms of giving the overall idea about how much cash is received or earned due to financing activities and how much profit is gained from various capital investment activities.

2.7. LIMITATIONS OF THE STUDY
- The study is purely based on secondary data which were taken primarily from annual reports, websites of SBI.
- Confidential information has not been disclosed due to business secrecy and lack of trust.
- The study is based on only the past records and the short span of the time provided also one of limitations as the study is limited to five financial years.
- The study is restricted to the cash flow statement and not the financial position of SBI.
- The study is restricted to SBI only.

ANALYSIS AND INTERPRETATION
METHODS FOR PREPARING CASH FLOW STATEMENT
1. **Direct Method**
2. **Indirect Method**

FORMAT OF CASH FLOW STATEMENT (INDIRECT METHOD)

CASH FLOW STATEMENT (FOR THE YEAR ENDED………)		
A. Cash Flow from Operating Activities		
Net profit before tax and extraordinary items (as per working note)		xxx
Adjustment for non-cash and operating items		
Add : Items to be added such as		
Depreciation	xxx	
Interest on debenture, loan, and Borrowings	xxx	
Loss on sale of fixed assets	xxx	
Loss on sale of investment	xxx	
Provision for Doubtful debts	xxx	
Provision for Discount on Debtors	xxx	
Preliminary Expenses written off	xxx	
Amortization of Assets	xxx	
Intangible Assets such as Goodwill, Patents , Trade Marks etc. written off	xxx	xxx
Less : Items to be deducted such as:		
Interest income	xxx	
Dividend income	xxx	
Rental income	xxx	
Gain/profit/ on sale of Assets	xxx	
Gain/profit/ on sale of investment	xxx	
Appreciation of Fixed asserts	xxx	(xxx)

Operating profit before working capital changes		xxx
Adjustment for changes in working capital :		
Add : Decrease in current assets (except cash and cash equivalents) Such as:		
Decrease in inventories/stock	xxx	
Decrease in Trade receivables (Debtors and Bills payables)	xxx	
Decrease in Prepaid expenses	xxx	
Decrease in Accrued income	xxx	
Add : Increase in Current Liabilities, such as :		
Increase in Trade payables (Creditors and Bills payables)	xxx	
Increase in outstanding expenses	xxx	
Increase in income received in advance	xxx	
Less : Increase in Current Assets (As stated above)	xxx	xxx
Less : Decrease in Current Liabilities (As stated above)	xxx	(xxx)
Cash Generated from Operations		xxx
Less : Income Tax paid (Net of Tax refund received)		(xxx)
Cash Flow before extraordinary items		(xxx)
Add/Less: Extraordinary items		xxx
Net Cash Flow (Or used in) Operating Activities		xxx
B. Cash Flow from Investing Activities		
Proceeds from sale of fixed (Tangible) Assets	xxx	
Proceeds from sale of fixed (Intangible) Assets	xxx	
Proceeds from sale of non-current investments	xxx	
Interest received	xxx	
Dividend received	xxx	
Rent received	xxx	
Purchase of fixed (Tangible) assets	(xxx)	
Purchase of fixed (Intangible) assets	(xxx)	
Purchase of Non-current investments	(xxx)	
Net Cash Flow (or used in) Investing Activities		xxx
C. Cash Flow from Financing Activities		
Proceeds from issue of share and debentures	xxx	
Proceeds from other long-term borrowings and loans	xxx	
Raising of bank overdraft and cash credit	xxx	
Repayment of loans and other long- term borrowings	(xxx)	
Payment of dividend (final and interim dividend)	(xxx)	
Interest on debentures and loans	(xxx)	
Redemption of preference shares and debentures	(xxx)	
Payment on Buy-back of share	(xxx)	
Net Cash Flow (or used in) Financing Activities		
Net Increase (Or decrease) in cash and cash equivalents		xxx
Add : Cash and cash equivalents in the beginning of the year		xxx
Cash and cash equivalents at the end of the year		xxx

Source: Sharma, R .K., &Gupta, S.K. Management Accounting, Kalyani Publishing House,5, (8-9).

TABLE 4.3 WORKING NOTE FOR CALCULATION OF NET PROFIT BEFORE TAX

CALCULATION OF NET PROFIT BEFORE TAX	
Net profit as per statement of profit and loss for the current year	
Or	
Difference between closing balance and opening balance of surplus as per Balance sheet note, i.e. Balance sheet of profit and loss	xxx
Or	
Net profit of the current year (after appropriations)	xxx
Add : transfer of Reserves	xxx

Provision for tax made for the current year	xxx
Proposed dividend for current year	xxx
Interim dividend paid during the year	xxx
Extraordinary items, if any debited to statements of profit and loss	xxx
Less : Extraordinary items, if any, credited to statement of profit and loss	(xxx)
Refund of tax	(xxx)
Net profit before tax and extraordinary items	xxx

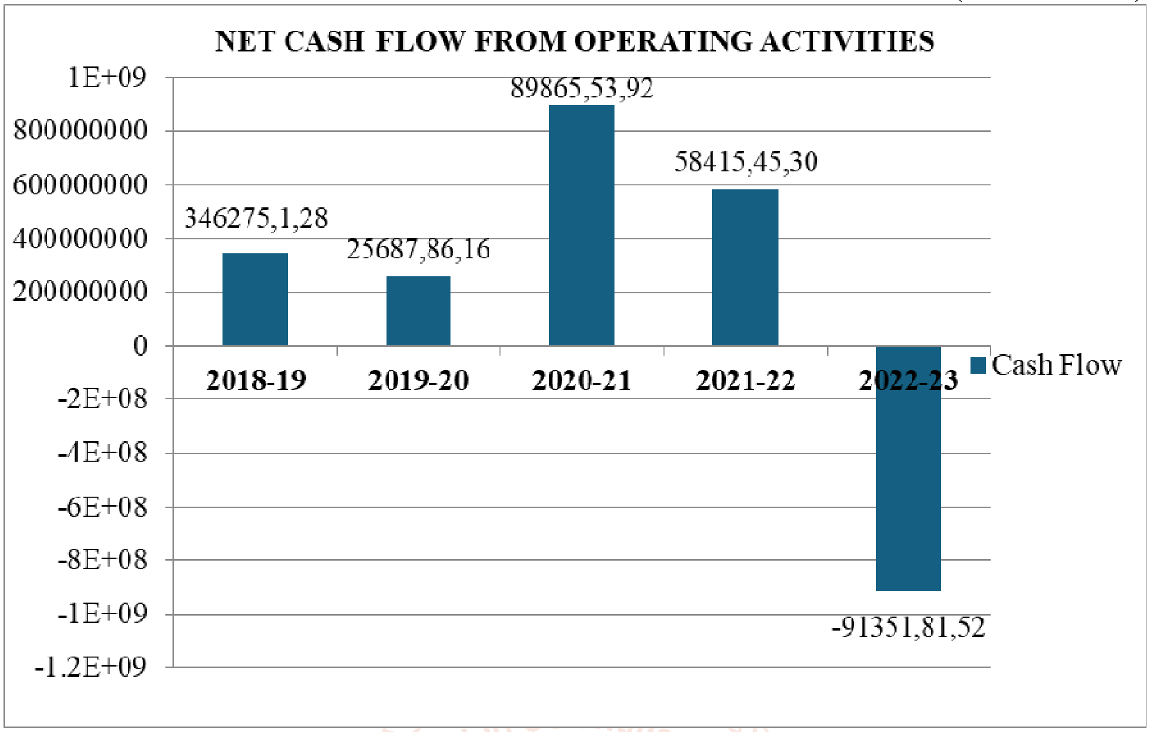
Note: Amount in brackets denote negative figures, i.e. amounts that are to be deducted.
Source: Sharma, R.K. &Gupta, S.K: Management Accounting, Kalyani Publishing House,5, (9-10).

TABLE 4.4 CALCULATION OF CASH FLOW FROM OPREATING ACTIVITIES(000s Omitted)

PARTICULARS	YEAR (2018-19)	YEAR (2019-20)	YEAR (2020-21)	YEAR (2021-22)	YEAR (2022-23)
Cash Flow from Operating Activities					
Net Profit/Loss before taxes	16,074,831	25062,76,50	27541,11,61	43421,85,36	67205,63,25
Adjustments for:					
Depreciation on fixed Assets	3122,30,65	3303,81,33	3317,55,25	3248,58,58	3297,27,04
Profit/Loss on sale of fixed assets (Net)	349824	28,37,38	28,58,17	16,86,60	3297,27,04
Profit/Loss on revaluation of Investments (Net)	2124,03,82	-------	-------	263,27,88	4644,43,56
Profit/Loss on sale of Investments in Subsidiaries / Joint Ventures / Associates	(4,731,200)	(6215,64,59)	(1539,73,30)	12,92,61	--------
Provision for diminution in fair value &Non Performing Assets	54529,06,14	42775,96,26	27244,35,02	14086,84,54	9143,92,59
Provision on standard Assets	(74,55,42)	(877,40,17)	27244,35,02	4677,03,92	5618,54,85
Provision for depreciation on Investments	(762,09,14)	538,55,05	3014,49,66	3440,09,87	1513,84,35
Other provision including provision for contingencies	136,12,79	632,73,80	9964,40,51	2248,14,81	231,01,57
Income from investment in subsidiaries/ Joint ventures/ Associates	(348,01,18)	(212,03,35)	(642,86,22)	(718,37,49)	(855,10,80)
Interest on charged on capital instruments	4112,28,55	4781,23,16	5782,51,98	5451,98,00	6387,15,64
Operating profit before working capital changes	**64098,50,67**	**69818,35,37**	**78500,21,06**	**5451,98,00**	**97216,50,90**
Adjustments for:					
Increase/Decrease in Deposits	205042,72,57	330234,72,36	439656,34,53	370257,04,31	372243,65,37
Increase/ Decrease in Borrowings other than Capital Instruments	37722,44,37	(96690,16,61)	92135,53,47	5064,98,09	49958,77,64
Increase/ Decrease in Investments other than Investments in Subsidiaries / Joint Ventures / Associates	94719,11,74	(74335,04,91)	(305564,41,58)	(132646,14,69)	(94349,41,25)
Increase/ Decrease in Advances	(305525,79,00)	(182188,60,56)	(151452,58,06)	(298555,64,72)	(474446,62,98)
Increase/ Decrease in Other Liabilities	(21247,50,61)	13206,59,82	16516,35,43	40375,27,17	31320,55,51
Increase/ Decrease in Other Assets	(33604,14,67)	(21255,66,60)	(77531,38,47)	5583,06,80	(57942,51,27)
Cash Generated from Operations	**41205,35,07**	**38790,18,87**	**92260,06,38**	**66227,81,64**	**(75999,06,08)**
Tax refund/ (Taxes paid)	(6577,83,79)	(13102,32,71)	(2394,52,46)	(7812,36,34)	(15352,75,44)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	**34627,51,28**	**25687,86,16**	**89865,53,92**	**58415,45,30**	**(91351,81,52)**

Source: Annual Reports of SBI for the years of (2018-2023).

GRAPH 4.1 CASH FLOW FROM OPERATING ACTIVITIES (000s Omitted)



Source: Annual Reports of SBI for the years of (2018-2023).

Interpretation Table 4.3 and Graph 4.1 describe the operating activities of cash flow statement of SBI for the year 2019-2023. The company had a net profit before tax of 16,074,831in FY18-19. The company exhibited consistent growth in profitability over the five-year period. Net Profit before taxes steadily increased each year, reaching its highest point in the last year (2022-23) at ₹67, 205, 6325 generated positive cash flow from operating activities, indicating its ability to effectively convert profits into cash from its core operations. However, in the fifth year (2022-23), the company experienced a significant negative cash flow from operating activities, indicating that it used more cash in its operations than it generated. This could be due to various factors such as increased expenses, investments, or changes in working capital.

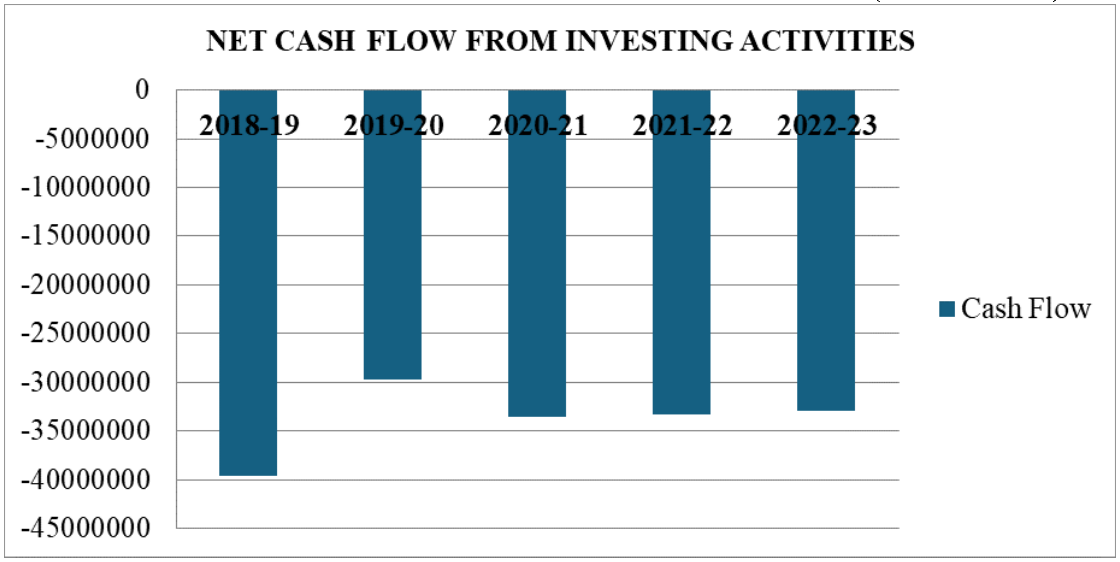
Source: Annual Reports of SBI for the years of (2018-2023).

TABLE 4.5 CALCULATION OF CASH FLOW FROM INVESTING ACTIVITIES (000s omitted)

PARTICULARS	YEAR (2018-19)	YEAR (2019-20)	YEAR (2020-21)	YEAR (2021-22)	YEAR (2022-23)
Cash Flow from Investing Activities					
(Increase)/ Decrease in Investments in Subsidiaries / Joint Ventures / Associates	(2116,29,59)	(6136,07,14)	(2200,76,84)	(7974953)	(7296262)
Profit/(Loss) on sale of Investments in Subsidiaries / Joint Ventures / Associates	473,12,00	6215,64,59	1539,73,30	(129,261)	-------
Income from Investment in Subsidiaries / Joint Ventures / Associates	348,01,18	212,03,35	642,86,22	718,37,49	855,10,80
(Increase)/ Decrease in Fixed Assets	(2663,43,31)	(3268,37,96)	(3336,08,64)	(2520,67,12)	(34,225,221)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	**(3958,59,72)**	**(2976,77,16)**	**(3354,25,96)**	**(33,310,926)**	**(3297,0,4,03)**

Source: Annual Reports of SBI for the years of (2018-2023).

GRAPH 4.2 CASH FLOW FROM INVESTING ACTIVITIES (000s Omitted)



Source: Annual Reports of SBI for the years of (2018-2023).

Interpretation

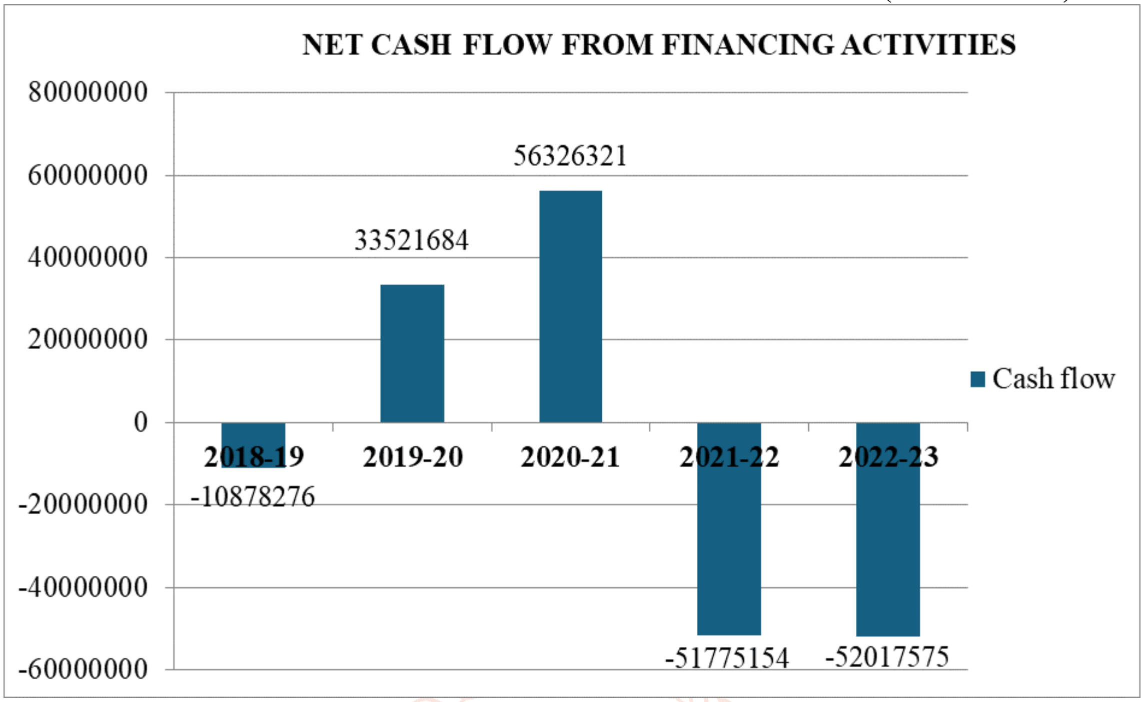
Table 4.5 and Graph 4.2 exhibits the investing activities of cash flow statement of SBI for the year 2019-2023.cash flow from investing activities for five consecutive years. Notably, there has been a fluctuation in the net cash generated from these activities. In 2018-19, there was a significant decrease in cash (-3958.59 million), which decreased further in 2019-20 (-2976.77 million). However, in 2020-21, the situation improved, showing a decrease in cash flow but at a slower rate (-3354.26 million). In the subsequent years, there were relatively smaller changes, with a substantial decrease in 2021-22 (-33.31 million) and a slight increase in 2022-23 (-3297.04 million).

TABLE 4.6 CALCULATION OF CASH FLOW FROM FINANCING ACTIVITIES(000s Omitted)

PARTICULARS	YEAR (2018-19)	YEAR (2019-20)	YEAR (2020-21)	YEAR (2021-22)	YEAR (2022-23)
Cash Flow from Financing Activities					
Proceeds from issue of equity shares including share premium (Net of Share issue expenses)	(8,74,21)	--------	--------	---------	64
Issue/(Redemption) of Capital Instruments (Net)	3033,20,00	8133,40,00	1058,31,62	(3680,70,00)	(1713,30,000)
Interest on Capital Instruments	(4112,28,55)	212,03,35	(4950,52,99)	(5288,37,02)	(5594,52,73)
Dividend paid including tax thereon	-------	--------	--------	(3569,8446)	(6336,72,16)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	**(1087,82,76)**	**3352,16,84**	**5632.63,21**	**(5177,51,54)**	**(5201,75,75)**

Source: Annual Reports of SBI for the years of (2018-2023).

GRAPH 4.3CASH FLOW FROM FINANCING ACTIVITIES (000s Omitted)



Interpretation

Source: Annual Reports of SBI for the years of (2018-2023).

Table 4.6 and Graph 4.3 shows the cash flow from financing activities of SBI for the years2019-2023 indicates the company's sources and uses of funds related to financing. In the year 2018-19, the company generated ₹1087.82 crores from financing activities primarily due to the issuance of capital instruments, despite interest expenses. In 2019-20, it generated ₹3352.16 crores, with capital instrument issuance and interest contributing positively. The year 2020-21 saw a substantial inflow of ₹5632.63 crores, driven by capital instrument issuance, though offset by dividend payments. In 2021-22, the company experienced a significant outflow of ₹5177.52 crores, mainly due to capital instrument redemptions and interest expenses, offsetting dividend payments. Lastly, in 2022-23, it saw an outflow of ₹5201.76 crores, primarily driven by capital instrument redemptions. Overall, these figures reflect the company's financing activities over the years, indicating its capital raising, debt servicing, and dividend distribution patterns.

TABLE 4.7 OVERALL CASH FLOW STATEMENT OF SBI BANK FOR THE LAST FIVE YEARS(2019-2023) (000s Omitted)

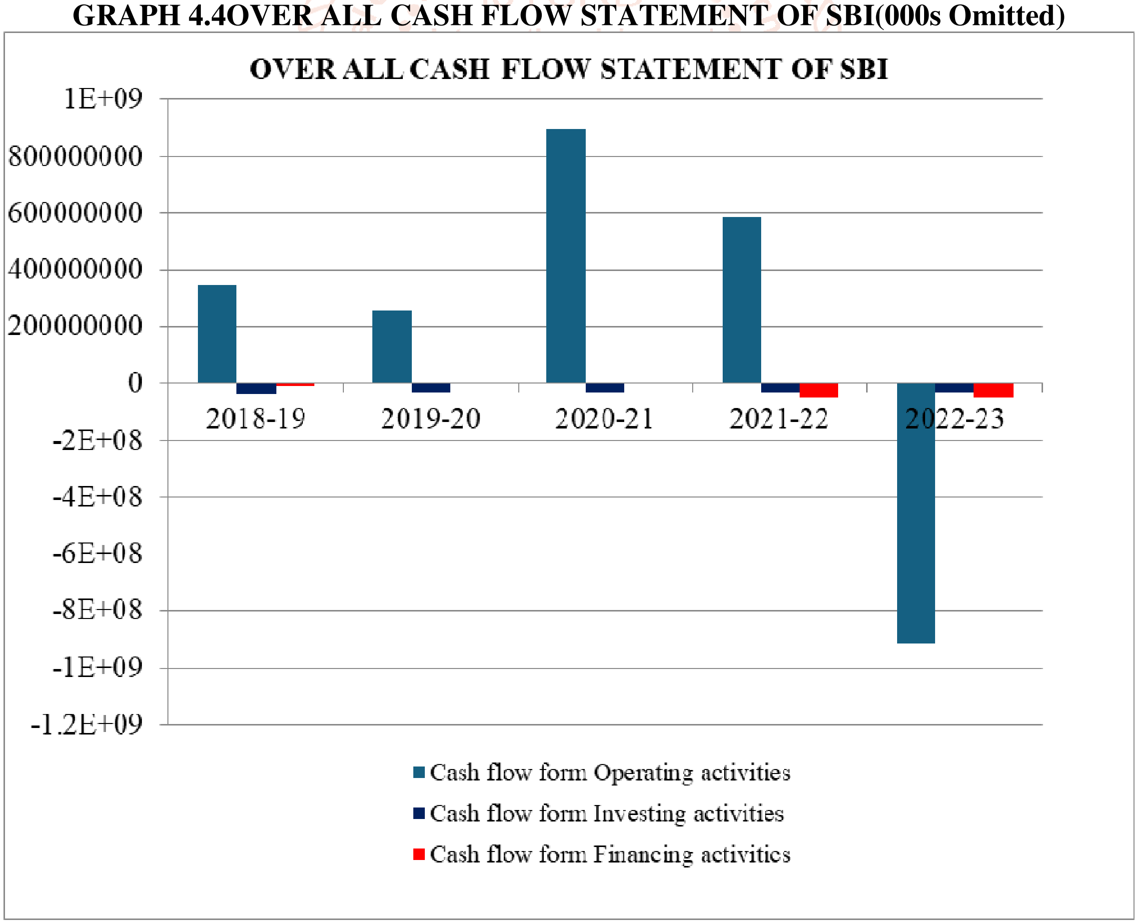
PARTICULARS	YEAR (2018-19)	YEAR (2019-20)	YEAR (2020-21)	YEAR (2021-22)	YEAR (2022-23)
Cash Flow from Operating Activities:					
Net Profit/Loss before taxes	16,074,831	25062,76,50	27541,11,61	43421,85,36	67205,63,25
Adjustments for:					
Depreciation on fixed Assets	3122,30,65	3303,81,33	3317,55,25	3248,58,58	3297,27,04
(Profit/Loss on sale of fixed assets (Net)	349824	28,37,38	28,58,17	16,86,60	3297,27,04
(Profit)/Loss on revaluation of Investments (Net)	2124,03,82		-------	263,27,88	
(Profit)/Loss on sale of Investments in Subsidiaries / Joint Ventures / Associates	(4,731,200)	(6215,64,59)	(1539,73,30)	12,92,61	--------
Provision for diminution in fair value &Non Performing Assets	54529,06,14	42775,96,26	27244,35,02	14086,84,54	9143,92,59

Provision on standard Assets	(74,55,42)	(877,40,17)	27244,35,02	4677,03,92	5618,54,85
Provision for depreciation on Investments	(762,09,14)	538,55,05	3014,49,66	3440,09,87	1513,84,35
Other provision including provision for contingencies	136,12,79	632,73,80	9964,40,51	2248,14,81	231,01,57
Income from investment in subsidiaries/ Joint ventures/ Associates	(348,01,18)	(212,03,35)	(642,86,22)	(718,37,49)	(855,10,80)
Interest on charged on capital instruments	4112,28,55	4781,23,16	5782,51,98	5451,98,00	6387,15,64
Operating profit before working capital changes	**64098,50,67**	**69818,35,37**	**78500,21,06**	**5451,98,00**	**97216,50,90**
Adjustments for:					
Increase/(Decrease) in Deposits	205042,72,57	330234,72,36	439656,34,53	370257,04,31	372243,65,37
Increase/ (Decrease) in Borrowings other than Capital Instruments	37722,44,37	(96690,16,61)	92135,53,47	5064,98,09	49958,77,64
(Increase)/ Decrease in Investments other than Investments in Subsidiaries / Joint Ventures / Associates	94719,11,74	(74335,04,91)	(305564,41,58)	(132646,14,69)	(94349,41,25)
(Increase)/ Decrease in Advances	(305525,79,00)	(182188,60,56)	(151452,58,06)	(298555,64,72)	(474446,62,98)
Increase/ (Decrease) in Other Liabilities	(21247,50,61)	13206,59,82	16516,35,43	40375,27,17	31320,55,51
(Increase)/ Decrease in Other Assets	(33604,14,67)	(21255,66,60)	(77531,38,47)	5583,06,80	(57942,51,27)
Cash Generated from Operations	**41205,35,07**	**38790,18,87**	**92260,06,38**	**66227,81,64**	**(75999,06,08)**
Tax refund/ (Taxes paid)	(6577,83,79)	(13102,32,71)	(2394,52,46)	(7812,36,34)	(15352,75,44)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	**34627,51,28**	**25687,86,16**	**89865,53,92**	**58415,45,30**	**(91351,81,52)**
Cash Flow from Investing Activities					
(Increase)/ Decrease in Investments in Subsidiaries / Joint Ventures / Associates	(2116,29,59)	(6136,07,14)	(2200,76,84)	(7974953)	(7296262)
Profit/(Loss) on sale of Investments in Subsidiaries / Joint Ventures / Associates	473,12,00	6215,64,59	1539,73,30	(129,261)	-------
Income from Investment in Subsidiaries / Joint Ventures / Associates	348,01,18	212,03,35	642,86,22	718,37,49	855,10,80
(Increase)/ Decrease in Fixed Assets	(2663,43,31)	(3268,37,96)	(3336,08,64)	(2520,67,12)	(34,225,221)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	**(3958,59,72)**	**(2976,77,16)**	**(3354,25,96)**	**(33,310,926)**	**(3297,0,4,03)**

Cash Flow from Financing Activities :					
Proceeds from issue of equity shares including share premium (Net of Share issue expenses)	(8,74,21)	--------	--------	--------	64
Issue/(Redemption) of Capital Instruments (Net)	3033,20,00	8133,40,00	1058,31,62	(5288,37,02)	(1713,30,000)
Interest on Capital Instruments	(4112,28,55)	212,03,35	(4950,52,99)	(5288,37,02)	(5594,52,73)
Dividend paid including tax thereon	-------	--------	--------	(35,698,446)	(6336,72,16)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	**(1087,82,76)**	**3352,16,84**	**5632,63,21**	**(5177,51,54)**	**(5201,75,75)**
Net Increase (Or decrease) in Cash and Cash Equivalents	**30591,46,96**	**28606,89,39**	**91941,70,40**	**51513,61,17**	**(86652,70,31)**
Add : Cash and cash equivalents in the beginning of the year	191898,64,19	222490,11,15	251097,00,54	343038,70,94	394552,32,11
Cash and cash equivalents at the end of the year	222490,11,15	251097,00,54	343038,70,94	394552,32,11	307899,61,80

Source: Annual Reports of SBI for the years of (2018-2023).

GRAPH 4.4OVER ALL CASH FLOW STATEMENT OF SBI(000s Omitted)



Source: Annual Reports of SBI for the years of (2018-2023).

Interpretation

For the last five years as describes in Table 4.7 and Graph 4.4 the company's cash flow from operating activities has demonstrated substantial growth. In the year ended 2018-19, the company generated ₹34,627.51 crores from operating activities. This figure increased to ₹25,687.86 crores in 2019-20, showing a decrease of 25.7%. However, in 2020-21, there was a significant increase to ₹89,865.53 crores, indicating a growth rate of 250%. In 2021-22, the company continued to perform well, generating ₹58,415.45 crores, still showing a growth rate of 97.5%. Unfortunately, in the most recent year, 2022-23, the company experienced a substantial decrease, ending with a negative ₹91,351.82 crores in cash flow from operating activities. The company had negative cash flow from investing activities for the most part, which means it was investing more than it received from these activities. In 2018-19, the company had a net cash outflow of ₹108.78 crores from financing activities. This increased to ₹335.22 crores in 2019-20, indicating some financing activity. In 2020-21, the company raised significant funds, with a net cash inflow of ₹5,632.63 crores. In 2021-22, it decreased substantially to a net cash outflow of ₹5,177.52 crores, possibly due to dividend payments. In 2022-23, there was a further net cash outflow of ₹5,201.75 crores. The net increase in cash and cash equivalents, which represents the overall cash position of the company, in 2018-19: ₹30,591.47 crores, 2019-20: ₹28,606.89 crores, 2020-21: ₹91,941.70 crores, 2021-22: ₹51,513.61 crores, 2022-23: -₹86,652.70 crores. The company ended the last year, 2022-23, with ₹307,899.62 crores in cash and cash equivalents.

CONCLUSION

Cash Flow from Operating Activities in 2018-19, the company had a positive cash flow from operating activities. It decreased in 2019-20 but had a significant increase in 2020-21. Unfortunately, in 2022-23, it became negative. Cash Flow from Investing Activities most of the time the company had negative cash flow from investing activities, indicating more investments than returns. Cash Flow from Financing Activities there were fluctuations in cash flow from financing activities, with both inflows and outflows. Overall, the company's cash flow from operating activities showed some ups and downs, investing activities were mostly negative, and financing activities had both inflows and outflows.

FINDINGS AND SUGGESTIONS

1. The company's net profit before taxes showed substantial growth over the five years, with an average annual growth rate of approximately 41.97%. In 2018-19, it was ₹16,074.83 crores. By 2022-23, it had increased to ₹67,205.63 crores. The profit grew by ₹51,130.80 crores, indicating strong profitability improvement.
2. Depreciation on fixed assets increased gradually, with an average annual growth rate of approximately 1.22%. In 2018-19, it was ₹3,122.30 crores. By 2022-23, it reached ₹3,297.27 crores. This change indicates an average annual increase of ₹35.39 crores in asset depreciation.
3. Provisions for diminution in fair value and non-performing assets decreased substantially, with an average annual reduction rate of approximately 42.31%. In 2018-19, it was ₹545.29 crores. By 2022-23, it had reduced to ₹91.44 crores. The decrease reflects an average annual reduction of ₹109.32 crores in provisions.

Operating profit before working capital changes increased significantly, but there was a notable drop in 2022-23, with an average annual growth rate of approximately 22.22%. In 2018-19, it was ₹64,098.50 crores. In 2022-23, it fell sharply to ₹5,451.98 crores. The average annual growth was approximately ₹9,565.88 crores, although it sharply declined in the final year

SUGGESTIONS

- Profit grew from ₹16,074.83 crores in 2018-19 to ₹67,205.63 crores in 2022-23. To sustain and potentially increase profit growth, focus on revenue generation, cost control, and profitability enhancement. Consider diversifying your income sources. Aim for an annual profit growth of around 42% by continuing successful strategies and exploring new opportunities.
- Asset depreciation increased from ₹3,122.30 crores in 2018-19 to ₹3,297.27 crores in 2022-23. Ensure that capital expenditures align with business's growth strategy. Regularly evaluate the condition and utility of assets, investing in new ones as needed. Plan for an annual increase of approximately ₹35.39 crores in asset investment.
- Provisions for risks and losses decreased from ₹545.29 crores in 2018-19 to ₹91.44 crores in 2022-23. While managing risks efficiently, ensure that provisions adequately cover potential losses. Review the adequacy of provisions given business's risk profile. Aim for an annual reduction of approximately ₹109.32 crores in provisions.
- Operating profit decreased from ₹64,098.50 crores in 2018-19 to ₹5,451.98 crores in 2022-23. Investigate the reasons behind the significant drop in operational profit in 2022-23. Implement measures to enhance operational efficiency. Analyze cost structures, streamline processes, and optimize resource allocation to improve profitability.

CONCLUSION

- The company has experienced significant profit growth but also faced challenges in asset depreciation, provisions, operational profit, and cash management. To maintain and enhance financial health, the company should focus on diversifying revenue streams, prudent asset management, efficient cost control, and risk provision. Additionally, it must ensure a balanced capital structure, optimize financing, and sustainably manage dividends to maintain adequate liquidity and long-term financial stability. The financial statement of cash flow for the State Bank of India (SBI) has provided valuable insights into the bank's financial performance and cash management. I have examined SBI's cash flow statement to understand its cash inflows and outflows and find that the bank generally maintains a sound level of liquidity.

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