

# **A Study on Financial Analysis of State Bank of India and Its Associates**

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## **Abstract**

State Bank of India and its associates are the largest among commercial banks (Public, Private and Foreign banks) in India. These banks have adopted many of the technological initiatives at par with banking industry in India. These banks are focusing on maintaining the presence in Urban and Rural India. This study was conducted to find out various ratios of SBI and its associates. The time frame for this study is considered April 2007 to March 2012 i.e. five financial years. Annual reports of various banks and reports from RBI are considered as the source of data for this study.

**Key words:** Commercial Banks, Banking Ratios, SBI and Its Associates.

## **1. Introduction**

Banking in India has its origin since the *vedic* period. The concept of lending and borrowing money was very much prevalent in India. The East India Company promoted the Bank of Calcutta in 1806. The three presidency banks were merged in year 1921 to form the Imperial Bank. The Reserve Bank of India was established in 1934. After the Independence of India, the Imperial Bank was taken over and in year 1955 the assets were vested in a new bank, the State Bank of India. The major event after Independence was the nationalization of 14 banks on 19<sup>th</sup> July 1969.

Till 1992 Indian Banking Sector was highly regulated. LPG has brought change to Indian Banking Sector. At Present the Indian Banking System comprises Public Sector Banks, Private Sector Banks, Foreign Banks and Co-operative Banks. The Public Sector, Private Sector and Foreign Banks are regulated by RBI while the Co-operative Sector Banks are regulated by both RBI and state co-operative body. State Bank of India is the largest bank in India in all these sectors.

As on 31<sup>st</sup> March 2013, the State Bank of India (SBI) has five domestic banking subsidiaries namely State Bank of Bikaner & Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP), State Bank of Travancore (SBT). The State Bank of India has seventeen non-banking subsidiaries namely SBI Capital Markets Ltd, SBICAP Securities Ltd, SBICAP Ventures Ltd, SBICAP (UK) ltd, SBICAP Trustees Co. Ltd, BICAP (Singapore Ltd), SBI DFHI Ltd, SBI Mutual Fund Trustee Company Pvt. Ltd, SBI Global Factors Ltd, SBI Pension Funds Pvt. Ltd, SBI Fund Management Pvt. Ltd, SBI Fund Management (International) Pvt. Ltd, SBI Cards & Payment Services Pvt. Ltd, SBI Life Insurance Company Ltd, SBI-SG Global Securities Services Pvt. Ltd, SBI General Insurance Company Ltd. The State Bank of India has eight joint ventures namely C-Edge Technologies Ltd, GE Capital Business Process Management Services Pvt. Ltd, Macquarie SBI Infrastructure Management Pte. Ltd, Macquarie SBI Infrastructure Trustee Ltd, SBI Macquarie SBI Infrastructure Management Pvt. Ltd, SBI Macquarie SBI Infrastructure Trustee Pvt. Ltd, Oman India Joint Investment Fund-Mgt. Co Pvt. Ltd, Oman India Joint Investment Fund-Trustee Co Pvt. Ltd. The State Bank of India has six foreign banking subsidiaries namely State Bank of India (California), State Bank of India (Canada), Commercial Bank of India LLC, Moscow, SBI (Mauritius) Ltd, PT Bank SBI Indonesia, Nepal SBI Bank Ltd. The State bank of India is ranked 8<sup>th</sup> amongst top 10 market cap companies and number 1 amongst Public Sector Banks. The Bank on a consolidated basis continues to be amongst the top tax payers of the country.

All the banks are directed by Reserve Bank of India to follow the norms of capital adequacy, asset quality, prudential norms, disclosure requirements and making transparent financial statements. All these factors motivate researchers like Mishra and Aspal (2012), Sangmi and Nazir (2010), Singh and Kohli (2006), Khatik and Singh (2005) and many more to carry out financial analysis of various banks in India. For healthy financial and banking system it is required that many researcher should be working evaluating performance of these institutions from time to time.

## **2. Objectives**

The main objectives of study are as follows

- (i) to analyze financial performance of State Bank of India and Its Associates
- (ii) to suggest measures to improve financial performance based on the study

## **3. Methodology**

This study is descriptive in nature. The banks considered for this study are State Bank of India and Its Associates (SBBJ, SBH, SBM, SBP and SBT). This study is descriptive in nature. There are various ratios and models to evaluate performance of commercial banks, but for this study selected ratios are considered. Simple statistical tools like mean and standard deviation has been used to describe and analyze the data. The period of study is chosen from April 2007 to March 2012 i.e. five financial years. Annual reports are the main source of data for this study. These annual reports are downloaded from the websites of respective banks. The Database published by the Reserve Bank of India is also one of the most important sources of data for this study.

## **4. Data and Analysis**

In this study all ratios are numbers without any unit except business per employee and profit per employee which is in Rupee. Mean refers to arithmetic mean. SD refers to Standard Deviation. G.M. refers

to Group Mean (Mean for SBI and Its Associates in respective year). G.SD refers to Group Standard Deviation (Standard Deviation for SBI and Its Associates in respective year).

#### 4.1 Capital Adequacy Ratio

The Capital Adequacy of commercial banks is measured by evaluating Tier I and Tier II capital of banks. The capital adequacy ratio is derived by dividing Tier I and Tier II capital by Risk Weighted Assets of bank. Tier I capital includes permanent shareholders' equity, perpetual non-cumulative preference shares, disclosed reserves and innovative capital instruments. Tier II capital includes undisclosed reserves of fixed assets and long-term holdings of equity securities, general provisions/general loan-loss reserves; hybrid debt capital instruments and subordinated debt.

Table No.1

| Bank | 2008   | 2009  | 2010   | 2011   | 2012   | Mean  | SD       |
|------|--------|-------|--------|--------|--------|-------|----------|
| SBI  | 13.54  | 14.25 | 13.39  | 11.98  | 13.86  | 13.40 | 0.861702 |
| SBBJ | 12.51  | 14.52 | 13.30  | 11.68  | 13.76  | 13.15 | 1.100218 |
| SBH  | 12.35  | 11.53 | 14.90  | 14.25  | 13.56  | 13.32 | 1.375125 |
| SBM  | 11.73  | 13.38 | 12.42  | 13.76  | 12.55  | 12.77 | 0.806951 |
| SBP  | 13.56  | 12.60 | 13.26  | 13.41  | 12.30  | 13.03 | 0.546791 |
| SBT  | 13.53  | 14.03 | 13.74  | 12.54  | 13.55  | 13.48 | 0.561489 |
| G.M. | 12.87  | 13.39 | 13.50  | 12.94  | 13.26  |       |          |
| G.SD | 0.7823 | 1.141 | 0.8116 | 1.0275 | 0.6648 |       |          |

Banks are required to maintain capital adequacy ratio (CAR) of 9% as stipulated by Reserve Bank of India. All the banks under study are having adequate capital to bear unexpected losses. Although SBM CAR is consistently below group Mean CAR for this study; all the banks under study are having adequate capital to bear unexpected losses. SBH has highest SD which indicates fluctuations in maintaining CAR. Not a single bank has been able to maintain consistently above the GM. GSD for financial year 2009 has been highest.

## 4.2 Investment - Deposit Ratio

This ratio signifies the amount invested by the bank with respect to its deposits.

More investment in secured assets will result in reduction of exposure but at the same time this may sacrifice the earning opportunity

Table No. 2

| Bank | 2008   | 2009   | 2010   | 2011   | 2012   | Mean  | SD       |
|------|--------|--------|--------|--------|--------|-------|----------|
| SBI  | 35.26  | 37.19  | 36.78  | 31.65  | 29.91  | 34.16 | 3.225073 |
| SBBJ | 30.78  | 28.04  | 29.53  | 25.11  | 27.07  | 28.11 | 2.192511 |
| SBH  | 31.99  | 33.60  | 32.90  | 32.10  | 29.62  | 32.04 | 1.502523 |
| SBM  | 30.60  | 34.57  | 29.56  | 29.91  | 29.36  | 30.80 | 2.158351 |
| SBP  | 29.60  | 28.38  | 28.14  | 25.38  | 27.76  | 27.85 | 1.542766 |
| SBT  | 32.11  | 31.47  | 31.14  | 30.82  | 31.39  | 31.39 | 0.478516 |
| G.M. | 31.72  | 32.21  | 31.34  | 29.16  | 29.19  |       |          |
| G.SD | 1.9713 | 3.6015 | 3.1226 | 3.1258 | 1.5564 |       |          |

SBI and SBH have consistently higher investment-deposit ratio than GM and SBI is leading with mean of 34.16%. Investment-deposit ratio for SBP and SBBJ has been consistently lower than GM that too SBBJ has higher SD. GSD for investment-deposit ratio is also highest in year 2009.

## 4.3 Cash-Deposit Ratio

This ratio simply measures liquidity of the bank. Cash with RBI and others is considered as component of Cash-Deposit Ratio

Table No. 3

| Bank | 2008   | 2009  | 2010   | 2011   | 2012   | Mean | SD       |
|------|--------|-------|--------|--------|--------|------|----------|
| SBI  | 9.59   | 7.49  | 7.62   | 10.11  | 5.18   | 8.00 | 1.958333 |
| SBBJ | 11.46  | 9.17  | 8.03   | 9.98   | 7.04   | 9.14 | 1.71203  |
| SBH  | 11.07  | 8.69  | 7.00   | 9.07   | 5.81   | 8.33 | 2.018922 |
| SBM  | 9.69   | 5.27  | 7.11   | 6.26   | 6.03   | 6.87 | 1.706814 |
| SBP  | 8.84   | 6.20  | 6.17   | 5.89   | 8.95   | 7.21 | 1.543644 |
| SBT  | 9.26   | 5.54  | 6.82   | 8.10   | 6.68   | 7.28 | 1.432395 |
| G.M. | 9.99   | 7.06  | 7.13   | 8.24   | 6.62   |      |          |
| G.SD | 1.0411 | 1.647 | 0.6457 | 1.8262 | 1.3181 |      |          |

SBBJ is having highest mean of Cash-Deposit Ratio, it has outperformed GM throughout the study, while SBH is having highest SD for study period. Financial year 2012 has highest GSD.

#### 4.4 Credit-Deposit Ratio

This ratio measures the efficient of management for advancing the fund vis-à-vis deposits of the banks. Even generation of low cost deposits also tested for management efficiency.

Table No.4

|      | 2008   | 2009   | 2010   | 2011   | 2012   | Mean  | SD       |
|------|--------|--------|--------|--------|--------|-------|----------|
| SBI  | 77.55  | 73.11  | 78.58  | 81.03  | 83.13  | 78.68 | 3.79711  |
| SBBJ | 73.52  | 76.10  | 76.37  | 76.52  | 79.98  | 76.50 | 2.300886 |
| SBH  | 71.54  | 69.94  | 72.39  | 73.02  | 78.04  | 72.99 | 3.051109 |
| SBM  | 76.57  | 77.82  | 75.97  | 78.73  | 79.37  | 77.69 | 1.426639 |
| SBP  | 74.94  | 72.72  | 71.80  | 75.56  | 79.25  | 74.85 | 2.903818 |
| SBT  | 79.59  | 77.81  | 75.59  | 79.17  | 77.44  | 77.92 | 1.581859 |
| G.M. | 75.62  | 74.58  | 75.12  | 77.34  | 79.54  |       |          |
| G.SD | 2.8933 | 3.1742 | 2.5672 | 2.8775 | 1.9927 |       |          |

In case of credit-deposit ratio SBM has always outperformed GM, while SBH has always underperformed the GM. SBI has highest mean of 78.68% along with highest SD. In financial year 2009 banks has lowest GM with highest GSD.

#### 4.5 Ratio of Secured Advances to Total Advances

This ratio indicates the quality of advances by the bank, higher ratio indicates better quality.

Table No.5

| Bank | 2008   | 2009  | 2010   | 2011  | 2012   | Mean  | SD       |
|------|--------|-------|--------|-------|--------|-------|----------|
| SBI  | 73.06  | 79.01 | 78.50  | 79.78 | 81.04  | 78.28 | 3.071394 |
| SBBJ | 82.64  | 80.02 | 79.20  | 85.71 | 85.84  | 82.68 | 3.09579  |
| SBH  | 82.92  | 81.70 | 85.81  | 88.44 | 88.08  | 85.39 | 3.017863 |
| SBM  | 86.43  | 89.08 | 87.80  | 89.97 | 86.51  | 87.96 | 1.561601 |
| SBP  | 91.42  | 93.04 | 96.73  | 97.29 | 95.15  | 94.73 | 2.478499 |
| SBT  | 84.57  | 80.29 | 79.82  | 81.53 | 83.62  | 81.97 | 2.068775 |
| G.M. | 83.51  | 83.86 | 84.64  | 87.12 | 86.71  |       |          |
| G.SD | 6.0417 | 5.782 | 7.0434 | 6.331 | 4.8084 |       |          |

SBP is remarkably leading GM in this ratio with Mean of 94.73%; surprisingly SBI is consistently lagging in GM with Mean of 78.24% with higher SD. GSD is highest in year 2011 because of SBP.

#### 4.6 Return on Equity

This is one of most favorite ratios of investors' and analyst community. This is ratio of net income to equity, reserve and surplus.

Table No.6

| Bank | 2008   | 2009   | 2010  | 2011   | 2012   | Mean  | SD       |
|------|--------|--------|-------|--------|--------|-------|----------|
| SBI  | 16.75  | 17.05  | 14.80 | 12.62  | 15.72  | 15.39 | 1.785474 |
| SBBJ | 18.71  | 21.46  | 20.39 | 20.91  | 18.59  | 20.01 | 1.3005   |
| SBH  | 21.28  | 20.87  | 22.02 | 24.35  | 21.98  | 22.10 | 1.348983 |
| SBM  | 25.31  | 18.47  | 18.06 | 15.77  | 9.62   | 17.45 | 5.643305 |
| SBP  | 15.92  | 18.20  | 16.01 | 16.65  | 17.95  | 16.95 | 1.070223 |
| SBT  | 23.28  | 30.64  | 26.88 | 23.09  | 13.93  | 23.56 | 6.207713 |
| G.M. | 20.21  | 21.11  | 19.69 | 18.90  | 16.30  |       |          |
| G.SD | 3.7196 | 4.9576 | 4.421 | 4.5956 | 4.2616 |       |          |

In case of Return on Equity (ROE), most of the time SBH is outperforming GM. SBT was leading till 2011 but in 2012 its ROE has drastically fallen down to 13.93%. SBI has always underperformed GM with lowest mean 15.39%.

#### 4.7 Return on Assets

This is the ratio of Net Profit to Total Assets of the bank. This ratio helps to measure efficiency of the capital employed.

Table No.7

| Bank | 2008  | 2009  | 2010  | 2011  | 2012 | Mean | SD       |
|------|-------|-------|-------|-------|------|------|----------|
| SBI  | 9.34  | 9.68  | 8.62  | 8.64  | 7.88 | 8.83 | 0.699979 |
| SBBJ | 10.14 | 10.89 | 9.59  | 9.88  | 7.72 | 9.64 | 1.177222 |
| SBH  | 9.83  | 10.57 | 9.73  | 10.01 | 7.85 | 9.60 | 1.028804 |
| SBM  | 10.16 | 10.84 | 10.00 | 10.07 | 7.23 | 9.66 | 1.399875 |
| SBP  | 10.20 | 11.25 | 10.25 | 10.32 | 7.60 | 9.92 | 1.368132 |

|      |        |        |        |        |        |      |         |
|------|--------|--------|--------|--------|--------|------|---------|
| SBT  | 9.84   | 10.43  | 9.47   | 9.53   | 6.83   | 9.22 | 1.38947 |
| G.M. | 9.92   | 10.61  | 9.61   | 9.74   | 7.52   |      |         |
| G.SD | 0.3253 | 0.5372 | 0.5615 | 0.5986 | 0.4111 |      |         |

SBP is has highest mean of return on assets, it also outperformed GM. SBM has highest SD, year 2011 has highest GSD.

## 4.8 Business per Employee

This ratio measures the efficiency and productivity of manpower that bank has. Higher ratio indicates better productivity of manpower.

Table No.8 (Rs. Lakh)

| Bank | 2008   | 2009   | 2010   | 2011    | 2012    | Mean   | SD       |
|------|--------|--------|--------|---------|---------|--------|----------|
| SBI  | 456.00 | 556.00 | 636.00 | 704.65  | 798.42  | 630.21 | 132.0281 |
| SBBJ | 445.45 | 555.39 | 628.00 | 751.00  | 827.00  | 641.37 | 152.0141 |
| SBH  | 599.08 | 839.82 | 755.62 | 1037.68 | 1168.68 | 880.18 | 225.9424 |
| SBM  | 495.00 | 602.00 | 672.00 | 795.00  | 881.00  | 689.00 | 152.9657 |
| SBP  | 759.82 | 910.24 | 895.21 | 956.30  | 1055.74 | 915.46 | 107.2468 |
| SBT  | 558.65 | 657.75 | 696.00 | 888.00  | 1066.00 | 773.28 | 202.6272 |
| G.M. | 552.33 | 686.87 | 713.81 | 855.44  | 966.14  |        |          |
| G.SD | 117.7  | 152.15 | 100.14 | 127.86  | 150.84  |        |          |

SBP has highest Mean with lowest SD indicates stability and superiority in business per employee. SBI has always underperformed GM that too with lowest mean. GSD is highest in year 2009.

## 4.9 Profit per Employee

This is a ratio is calculated by diving profit after tax with total number of employees. Higher ratio indicates higher efficiency of management.

Table No.9 (Rs. Lakh)

| Bank | 2008 | 2009 | 2010 | 2011 | 2012 | Mean | SD       |
|------|------|------|------|------|------|------|----------|
| SBI  | 3.73 | 4.74 | 4.46 | 3.85 | 5.31 | 4.42 | 0.65136  |
| SBBJ | 2.73 | 3.55 | 4.00 | 5.00 | 5.00 | 4.06 | 0.974644 |
| SBH  | 4.35 | 4.87 | 5.58 | 7.89 | 8.63 | 6.26 | 1.891846 |
| SBM  | 3.28 | 3.48 | 4.41 | 5.00 | 4.00 | 4.03 | 0.698412 |
| SBP  | 3.70 | 4.68 | 4.45 | 5.20 | 5.87 | 4.78 | 0.81391  |

|      |        |        |        |        |        |      |          |
|------|--------|--------|--------|--------|--------|------|----------|
| SBT  | 3.40   | 5.36   | 6.00   | 8.00   | 4.20   | 5.39 | 1.772095 |
| G.M. | 3.53   | 4.45   | 4.82   | 5.82   | 5.50   |      |          |
| G.SD | 0.5405 | 0.7606 | 0.7845 | 1.7116 | 1.6828 |      |          |

SBH profit per employee is growing year on year basis with highest mean and SD. SBM has always underperformed GM. GSD is highest in year 2011 because of SBI and SBT.

#### 4.10 Ratio of Operating Profit to Total Assets

Operating Profit calculated by subtracting operating expenses from operating income. Ratio is obtained simply by dividing operating profit with total assets.

Table No.10

| Bank | 2008   | 2009   | 2010   | 2011   | 2012   | Mean | SD       |
|------|--------|--------|--------|--------|--------|------|----------|
| SBI  | 2.04   | 2.13   | 1.82   | 2.23   | 2.47   | 2.14 | 0.240065 |
| SBBJ | 1.75   | 2.04   | 1.80   | 1.95   | 2.20   | 1.95 | 0.183052 |
| SBH  | 1.79   | 1.88   | 2.08   | 2.38   | 2.36   | 2.10 | 0.268579 |
| SBM  | 1.89   | 1.78   | 2.18   | 2.41   | 1.88   | 2.03 | 0.260651 |
| SBP  | 1.46   | 1.50   | 1.80   | 2.24   | 1.96   | 1.79 | 0.324947 |
| SBT  | 1.73   | 2.26   | 1.79   | 1.80   | 1.59   | 1.83 | 0.253477 |
| G.M. | 1.78   | 1.93   | 1.91   | 2.17   | 2.08   |      |          |
| G.SD | 0.1908 | 0.2726 | 0.1723 | 0.2431 | 0.3284 |      |          |

SBI and SBH has outperformed GM frequently, while SBI highest operating profit to total asset ratio with mean of 2.14, SBP has lowest operating profit to total assets ratio with mean of 1.79 with highest SD. GSD is lowest in year 2010.

#### 4.11 Ratio of Net Interest Income to Total Assets

Net interest income is difference between interest earned and interest expended (NIM). Higher ratio of NIM to total asset indicates better earning.

Table No.11

| Bank | 2008 | 2009 | 2010 | 2011 | 2012 | Mean | SD       |
|------|------|------|------|------|------|------|----------|
| SBI  | 2.64 | 2.48 | 2.35 | 2.86 | 3.38 | 2.74 | 0.404708 |
| SBBJ | 2.48 | 2.52 | 2.41 | 3.02 | 3.28 | 2.74 | 0.385126 |
| SBH  | 2.01 | 2.12 | 2.26 | 2.92 | 2.99 | 2.46 | 0.460755 |

|      |        |        |        |        |        |      |          |
|------|--------|--------|--------|--------|--------|------|----------|
| SBM  | 2.54   | 2.28   | 2.88   | 3.36   | 2.82   | 2.78 | 0.404387 |
| SBP  | 1.67   | 1.75   | 2.11   | 2.97   | 2.61   | 2.22 | 0.558052 |
| SBT  | 2.34   | 2.75   | 2.57   | 2.60   | 2.33   | 2.52 | 0.180229 |
| G.M. | 2.28   | 2.32   | 2.43   | 2.96   | 2.90   |      |          |
| G.SD | 0.3709 | 0.3497 | 0.2684 | 0.2469 | 0.3996 |      |          |

SBM has highest mean of NIM to Total Assets ratio followed by SBI and SBBJ with mean of 2.74. GM is lowest in year 2008 and 2009 with relative high GSD.

#### 4.12 Ratio of Net NPA to Net Advances

NPA stands for non performing assets. Net NPA to Net Advances signifies the quality of the assets. Higher NPA erodes profitability of bank. Bank has to be cautious at the time of lending in order to tame the NPAs.

Table No.12

| Bank | 2008   | 2009   | 2010   | 2011   | 2012   | Mean | SD       |
|------|--------|--------|--------|--------|--------|------|----------|
| SBI  | 1.78   | 1.76   | 1.72   | 1.63   | 1.82   | 1.74 | 0.07225  |
| SBBJ | 0.83   | 0.85   | 0.78   | 0.83   | 1.92   | 1.04 | 0.491498 |
| SBH  | 0.16   | 0.38   | 0.55   | 0.87   | 1.30   | 0.65 | 0.4455   |
| SBM  | 0.43   | 0.50   | 1.02   | 1.38   | 1.93   | 1.05 | 0.626714 |
| SBP  | 0.60   | 0.60   | 1.04   | 1.21   | 1.35   | 0.96 | 0.346482 |
| SBT  | 0.94   | 0.58   | 0.91   | 0.98   | 1.54   | 0.99 | 0.346266 |
| G.M. | 0.79   | 0.78   | 1.00   | 1.15   | 1.64   |      |          |
| G.SD | 0.5598 | 0.5052 | 0.3948 | 0.3152 | 0.2844 |      |          |

SBH has managed to maintain lowest mean of 0.65 Net NPA to Net Advances and has underperformed GM. SBI has highest mean of 1.74 with highest SD. GM is highest in year 2012 with lowest GSD indicates across board increase in NPA.

#### 4. Conclusion

Financial Analysis of State Bank of India and Its Associates has highlighted that all banks have maintained capital adequacy above the regulatory requirement of 9%, this indicates that banks are gearing up for Basel III norms (which RBI has planned to implement between Financial Year 2013 to 2017). Group

Mean of investment-deposit ratio for financial year 2009 has been highest; the possible reason is that, due to global financial crises banks become conservative and parked their money in investment rather than lending it out. Higher cash-deposit ratio indicates good liquidity position but it reduces the level of returns. SSBJ should reduce cash-deposit ratio, it can park money in investment if it is skeptical about the lending as sitting on excessive cash erodes the value. Higher level of credit-deposit ratio signifies efficiency of management, in financial year 2009 efficiency of management for banks as whole has gone down. Ratio of secured advances to total advances indicates quality of lending; SBI should look forward for secured advances as it is lagging in this regard throughout the study period. All banks has higher secured advances to total advances except SBI, which explains that SBI seems to be aggressive in lending which is again very much visible from higher Credit-Deposit ratio of SBI. Possible reason for this aggression of SBI could be competition intensified by private sector banks. As SBI has lowest Return on Asset and lowest Return on Equity, it is suggested that lending quality and lending policy of SBI should be revisited. Return on equity for SBM has shown negative trend for entire study period which is alarming sign for investors' and analysts'. SBM should take serious measures to improve return on equity. SBI has low profit per employee and lowest business per employee; possible reasons for this could be higher base of employees and intensive presence in rural area and broader objective of financial inclusion. SBP need to improve on operating profit. Net NPA to Net Advances has significantly increased for SBI as well as all its associates in the year 2012 which is worrying sign for banks as whole; increase in NPA across the board indicates tough time for economy. All the banks should be cautious in this regard.

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