

**A Study On Comparison About Working Capital Management Of State Bank Of India
And Industrial Credit And Investment Corporation Of India**

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ABSTRACT:

Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital, current assets and current liabilities, to ensure the most financially efficient operation of the company. The goal of working capital management is to manage the firm's current asset and current liabilities in such a way that satisfactory level of working capital is maintained. A study on comparison in working capital management with State Bank of India and Industrial Credit and Investment Corporation of India is analyzed to know the liquidity and current ratio. The interaction between current asset and current liabilities is therefore is the main theme of the theory of working capital management.

Key words: working capital, current asset, current liabilities, current ratio and liquidity ratio.

INTRODUCTION:

Working capital indicates the liquidity position of the firm and suggests the extent to which the working capital maintained. It should be sufficient to meet with its current obligation. It should constitute a margin or a buffer for maturing obligation within the ordinary operating cycle of a business. Investment in current assets should be just adequate to the needs of the firm. Excessive investment in current assets should be avoided as it reduce the firm's profitability, as idle investment earns nothing.

On the other hand, inadequate amount of working capital can threaten the financial solvency of the firm because of its inability to meet its current obligation and make the company unsafe and unsound. This kind of financial health may prove harmful to the company's reputation.

There are three important ratios, to understand the working capital management.

1. Current assets to Total Assets Ratio: This method is based on operating cycle period. Here, the working capital requirement can be compared with its total assets.
2. Ratio to sales method: The working capital requirements are estimated as a ratio of sales for each component of working capital.
3. Ratio of fixed assets and working capital: The working capital is estimated as a percentage of fixed investment.

The effectiveness of working capital is measured on certain parameter i.e., Current Assets to Total Assets, Current Assets to Fixed Assets, working capital to sales. To know about the income generation capacity of a company, gross profit ratio is not sufficient. A major part of fund is also used for to operate day to day business. If working capital is not managed properly, company can reach to crucial financial situation. So working capital should be managed in a systematic ratio with fixed assets, total assets and sales, so that income generation capacity can be increased

State Bank of India:

The State Bank of India is a giant in its own right, and there are several reasons that contribute to that. It is the oldest bank in the country. Additionally, its market capitalization, hundreds of bank branches and the number of profits are helping it give stiff competition to other private sector banks in the country. Presently, the bank is getting into a couple of new business with strategic tie-ups, which have quite a large growth potential. Some of these tie-ups are General Insurance, Pension Funds, Private Equity, Custodial Services, Mobile Banking, Structured Products, Advisory Services, and Point of Sale Merchant Acquisition etc. Additionally, it is concentrating on wholesale banking capacities and the top end of the market, in order to offer India's corporate sector with numerous services and products. Gaining entry in the field of derivative instruments and structured products along with the consolidation of the global treasury operations is also something they are focusing on now.

As of now, the State Bank of India is the biggest arranger responsible for external commercial borrowings in the country and is the biggest provider of infrastructure debt. In addition, it is the sole Indian bank to be a part of the Fortune 500 list. Apart from banking, State Bank of India was also associated with non-profit ventures since 1973, such as Community Services Banking. In such cases, administrative offices and branches all over the country sponsor and take part in a

huge number of social causes and welfare activities. Additionally, they had also launched three digital banking facilities, in order to make financial transaction an easier affair for their customers.

Two of the digital banking facilities specialize in providing their services at the customers' doorstep by utilizing the method of TAB banking (One for housing loan applicants and the other for customers looking to open a savings account).

The third banking facility specializes in the KYC process (Know Your Customer). The other services, which are offered by the State Bank of India, are the following-

- Personal Banking
- Rural/ Agriculture
- Small and Medium Enterprise (SME)
- Domestic Treasury
- NRI Services
- International Banking
- Corporate Banking
- Government Business.

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA

This is the second largest private sector bank in India having 2552 branches, 7440 ATM's spread across the country. It is among the top commercial banks of India providing a wide range of banking services through varied delivery channels. It provides high end banking services such as internet banking, tele-banking, and mobile banking. ICICI bank plays a pivotal role in the domains of investment banking, venture capital, assets management and life insurance. The bank spread its service in 18 countries across the world like U.K, Canada, Russia and others.

SUBSIDIARIES OF ICICI BANK

NATIONAL	INTERNATIONAL
ICICI LOMBARD	ICICI BANK UK PLC
ICICI PRUDENTIAL LIFE INSURANCE COMPANY	ICICI BANK CANADA
ICICI Securities Limited	ICICI BANK EURASIA LLC
ICICI PRUDENTIAL ASSET MANAGEMENT COMPANY LIMITED	
ICICI VENTURE	
ICICI DIRECT.COM	
ICICI FOUNDATION	

Objectives of the study:

1. To analyze the firms efficiency in the working capital management with State Bank of India and Industrial Credit and Investment Corporation of India.
2. To study the liquidity ratio of State Bank of India and Industrial Credit and Investment Corporation of India for the period of 2014-2015 to 2018-2019.
3. To analyze the relationship between working capital management efficiency and profitability position of State Bank of India and Industrial Credit and Investment Corporation of India.

Methodology:

The purpose of the research is to study the relationship between various ratios to know the impact of working capital on profit and sales and about the State Bank of India and Industrial Credit and Investment Corporation of India and its working capital management.

Sample:

Public bank such as State Bank of India and private bank Industrial Credit and Investment Corporation of India is used as a sample in this research. The study focus for the period of 2014-2015 to 2018-2019.

Data collection:

Secondary data is used in this research, financial statement of State Bank of India and Industrial Credit and Investment Corporation of India are taken from annual report.

Working capital:

Working capital refers to the part of the firm's capital which is required for financing short-term or current assets such as cash, marketable securities, debtors and inventories. Funds, thus invested in current asset keep revolving fast and are constantly converted into cash and this cash flow again in exchange for other current assets. Working capital is also known as revolving or circulating capital or short-term capital.

Significance of Net Working Capital:

1. To maintain liquidity position there is a need to maintain current asset sufficiently in excess of current liability.
2. The net working capital helps creditors and investors to judge financial soundness of the firm.

Operating cycle concept:

- Maximization of shareholders wealth of a firm is possible only when there are sufficient returns from the operations.
- Successful sales activity is necessary for earning profit sales do not convert into cash immediately.
- There is invisible time lap between the sale of good and receipt of cash.
- The time taken to convert raw material into cash is known as operating cycle.
- Conversion of cash into raw material
- Conversion of raw material into work in progress.
- Conversion of work in progress into finished goods

- Conversion of finished goods into sales(debtors and cash)

Review of literature

- ❖ A significant portion of financial research is concerned with the management of working capital. This issue has been extensively investigated at both conceptual and empirical levels. Prasad (2001) conducted a research study on the working capital management in paper industry. His sample consisted of 21 paper mills from large, medium and small scale for a period of 10 years. He reported that the chief executives properly recognized the role of efficient use of working capital in liquidity and profitability, but in practice they could not achieve it.
- ❖ The study also revealed that fifty percent of the executives followed budgetary method in planning working capital and working capital management was inefficient due to sub-optimum utilization of working capital. Saravanan (2001) made a study on working capital management in ten selected non-banking financial companies. For this he employed several statistical tools on different ratios to examine the effective management of working capital. He concluded that the sample firms had placed more importance upon the liquidity aspect compared to that of the profitability.
- ❖ Prathap et al. indicated ALM in Indian banking system is still in a nascent stage. Against this backdrop, the objective of the research was to study and analyze the status of ALM approach in the Indian banking system. This study also indicates a strong relationship between fixed assets and net worth for all groups of banks.
- ❖ Chaudhary et al. stated that recently the Indian economy has witnessed the emergence of many banks in the private sector. There are several reasons behind the increasing number of commercialization of banks. The growth of such banks is not possible unless they witness some success in the context of customer satisfaction or may it be the net assets held by these banks, efficiency of their management or the networks of each bank both in private as well as the public sector banks.
- ❖ Arias et al. presented an econometric model to study the determinants of profitability of the top five banks of United States. The study observed that capital asset ratio had

positive impact on profitability as large banks had ability to compete efficiently even if the macroeconomic factor did not support.

- ❖ Ibrahim et al stated that Indian scheduled commercial banks that Indian banks have improved their operational performance since 2000. There is constant increase in aggregate deposits. The C-D ratio also shows an increasing trend. The investment deposit ratio and priority sector advances have also gone up.
- ❖ Ravinder et al. (2011) analyzed the profitability of four major banks in India. The study revealed that State Bank of India performed better in terms of earning per share and dividend payout ratio, while Punjab National Bank performed better in terms of operating profit margin and return on equity

ANALYSES AND INTERPRETATION

TABLE-1

COMPARISON OF CREDIT DEPOSIT RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA

Credit Deposit Ratio is a commonly used statistic for assessing a bank's liquidity by dividing the banks total loans by its total deposits.

FORMULA :Credit Deposit Ratio = Credit/Deposits

YEAR	CREDIT OF SBI	CREDIT OF ICICI	DEPOSIT OF SBI	DEPOSIT OF ICICI	CREDIT DEPOSIT RATIO OF SBI	CREDIT DEPOSIT RATIO OF ICICI
2014-2015	1300026.63	387522.07	1576793.25	447495.38	0.82	0.86
2015-2016	1463700.42	435263.94	1730722.44	448528.09	0.84	0.97
2016-2017	1571078.38	464232.08	2044751.39	490039.06	0.76	0.94
2017-2018	1934880.19	512395.29	2706343.29	560975.21	0.71	0.91
2018-2019	21858876.92	586646.58	2911386.01	652919.67	0.75	0.89

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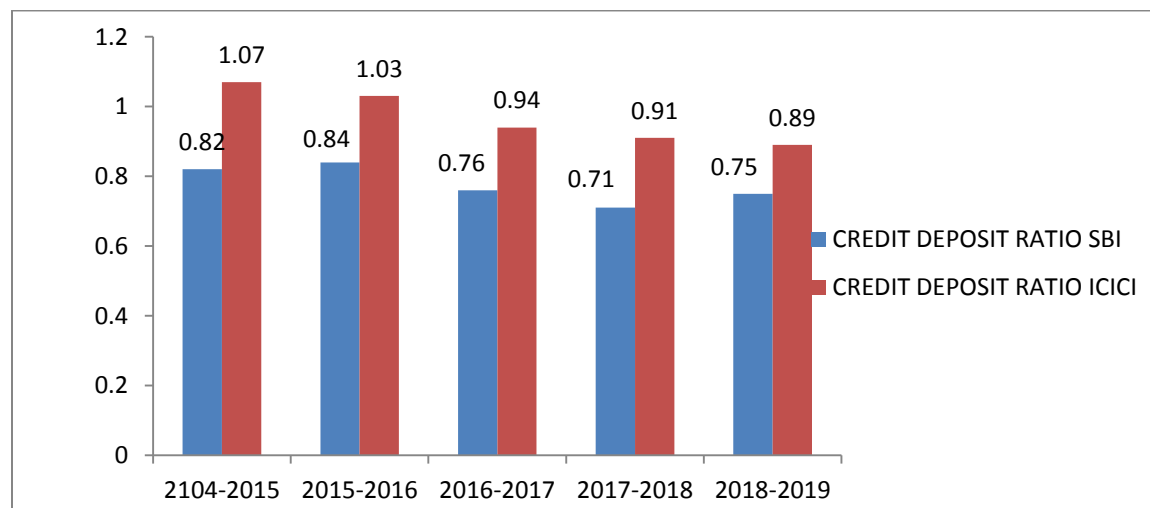
SOURCE: Annual Report of SBI and ICICI

INTERPRETATION: CREDIT DEPOSIT RATIO

It is inferred from the Table.3, the Credit Deposit Ratio for SBI in the year 2014-15 is 0.82, 2015-16 is 0.84, 2016-17 is 0.76, 2017-18 is 0.71, 2018-19 is 0.75. and for ICICI for the year 2014-15 is 0.86, 2015-16 is 0.97, 2016-17 is 0.94, 2017-18 is 0.91, 2018-19 is 0.89. The average Credit Deposit ratio of SBI and ICICI over the study period was registered as 0.77 and 0.98. The minimum ratio was registered as 0.71 in the year 2017-18 for SBI and minimum ratio was registered as 0.86 in the year 2014-205 for ICICI and the maximum ratio was registered as 0.84 in the year 2015-16 for SBI and the maximum ratio was registered as 0.97 in the year 2015-2016 for ICICI bank.

It is concluded that, the Average Credit Deposit ratio of SBI is 77% and ICICI 91% it indicates that out of every 100 Deposited, Rs77 being lent for SBI and for ICICI Rs.91 and hence it is clear that ICICI Credit Deposit Ratio much higher than SBI. It was concluded that SBI may not have enough Liquidity to cover any unforeseen fund requirements.

FIGURE 1
CHART SHOWING CREDIT DEPOSIT RATIO OF SBI AND ICICI



GRAPH INTERPRETATION FOR CREDIT DEPOSIT RATIO:

The Credit Deposit Ratio shows a raising trend for the SBI bank during the year 2017-2018 to 2018-19 and the ICICI bank shows a decreasing trend last year 2018-19. It was concluded that the ratio of ICICI bank was satisfactory than the SBI bank.

TABLE 2**COMPARISON OF CURRENT RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA**

Current Ratio indicates the ability of an entity to meet its current liabilities as and when they are due for payment. It is calculated as follows:

FORMULA :Current Ratio = Current Assets / Current liabilities

The ratio of current ratio of SBI during the study period is shown in the following Table.2

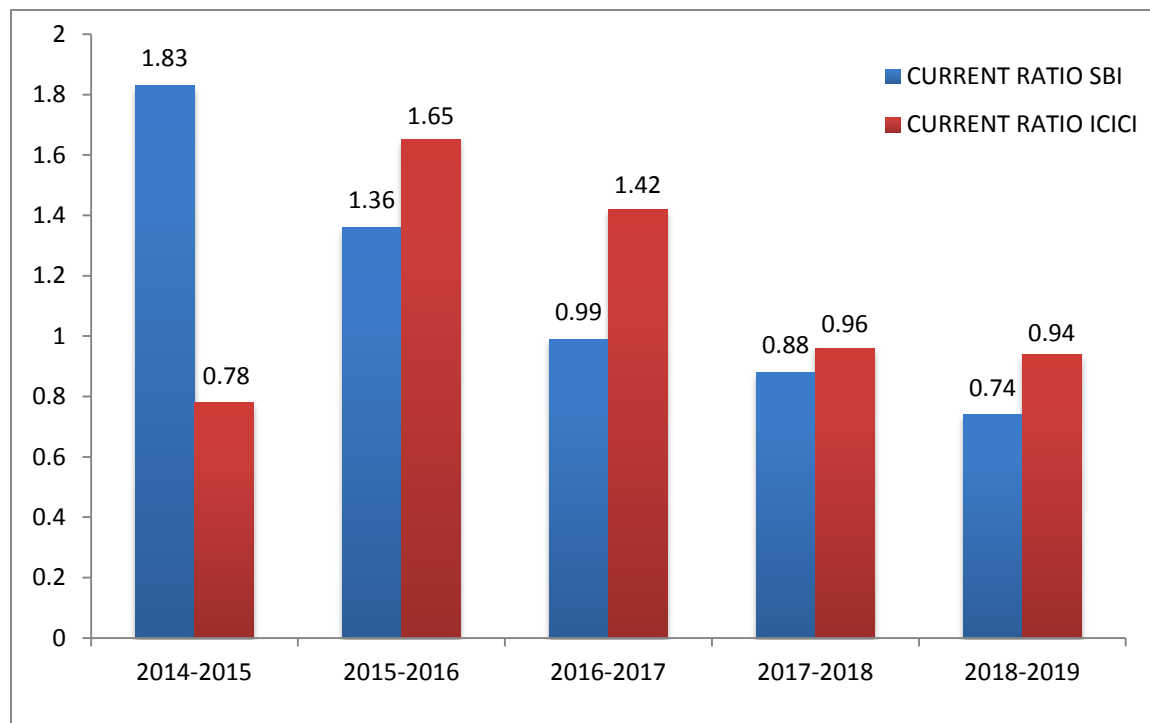
YEAR	CURRENT ASSETS of SBI	CURRENT ASSETS OF ICICI	CURRENT LIABILITIES SBI	CURRENT LIABILITIES ICICI	CURRENT RATIO OF SBI	CURRENT RATIO OF ICICI
2014-2015	102209.71	24997.05	137698.04	19497.677	1.83	0.78
2015-2016	140408.41	57573.70	159276.08	94996.605	1.36	1.65
20016-2017	154007.72	62534.55	155235.19	88798.99	0.99	1.42
2017-2018	226994.20	71726.80	167138.08	71726.80	0.88	0.96
2018-2019	266327.70	81852.17	145597.30	87076.77	0.74	0.94

SOURCE: Annual Report of SBI and ICICI

INTERPRETATION: CURRENT RATIO

The idle current ratio is 2:1. In the above table shows current ratio from 2014-2015 to 2018-2019. Higher the current ratio, the better is the liquidity position as the firm will be in a better position to pay its current liabilities. However, a much higher ratio may indicate inefficient investment policies of the management. The current ratio of SBI for the last five years shows increase in ratio to decrease in ratio level gradually. The current ratio of SBI shows as 2014-2015 as 1.83 and during the last year 2018-2019 it shows as 0.74. The current ratio of ICICI bank shows ratio from year 2014- 2015 as 0.78 and during the last year 2018-2019 shows 0.94. The current ratio of SBI was much better than ICICI bank.

FIGURE 2 GRAPH SHOWING CURRENT RATIO OF SBI AND ICICI BANK



GRAPH INTERPRETATION FOR CURRENT RATIO:

The graphical representations of Current Ratio inform that SBI bank shows the investors how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables. The current ratio of ICICI bank shows gradual decrease in which it has to take significant steps to improve it better based on the requirements.

TABLE-3**COMPARISON OF CASH DEPOSIT RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA**

FORMULA : CASH DEPOSIT RATIO= (CASH/ DEPOSITS)* 100

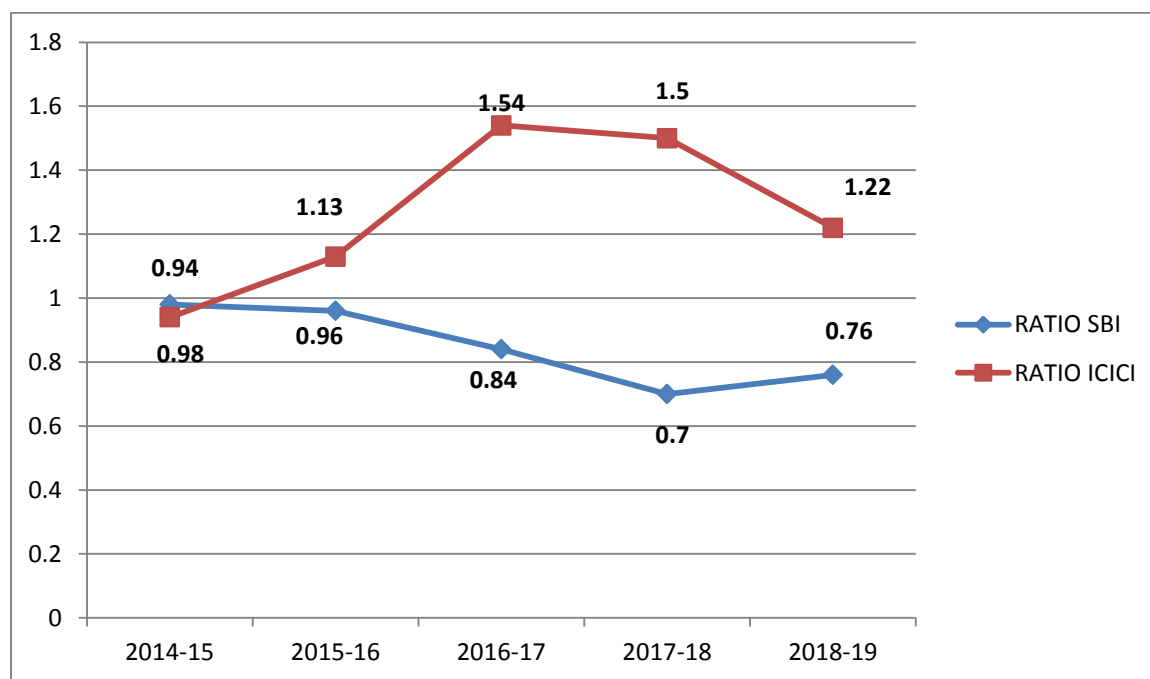
YEAR	CASH OF SBI	CASH OF ICICI	DEPOSITS OF SBI	DEPOSITS OF ICICI	CASH DEPOSIT RATIO SBI	CASH DEPOSIT RATIO ICICI
2014-2015	154755.78	42304.62	1576793.23	447495.38	0.98	0.94
2015-2016	167467.66	59868.74	1730722.44	448528.09	0.96	1.13
2016-2017	171971.65	75713.06	2044751.39	490039.06	0.84	1.54
2017-2018	191898.64	84169.38	2706343.29	560975.21	0.70	1.50
2018-2019	222490.11	80296.29	2911386.01	652919.67	0.76	1.22

SOURCE: Annual Report of SBI and ICICI

INTERPRETATION: CASH DEPOSIT RATIO

The cash deposit ratio tables interpret the ratio of how much a bank lends out of the deposits it has mobilized. The cash deposit ratio for SBI bank shows a gradual decrease for the following years, it is 0.98 during the year 2014-2015 for SBI and for the year 2018-19 it is 0.76. The ICICI bank shows 0.94 for the year 2014-2015 and 1.22 during the year 2018-19. The cash deposit ratio of ICICI shows higher than SBI which indicates that the ICICI bank core funds are being used for lending.

FIGURE 3 CHART SHOWING CASH DEPOSIT RATIO OF SBI & ICICI BANK



GRAPH INTERPRETATIO FOR CASH DEPOSIT RATIO:

The Cash Deposit Ratio of ICICI bank interprets higher ratio when compared to SBI. It indicates that the ratio of ICICI shows an incremental ratio which indicates weakness in the sectors resource profile, reflecting the inadequacy of retail deposits to support credit growth. The ratio of ICICI is 1.22 during the year 2018-2019 shows greater than the ratio of SBI 0.76.

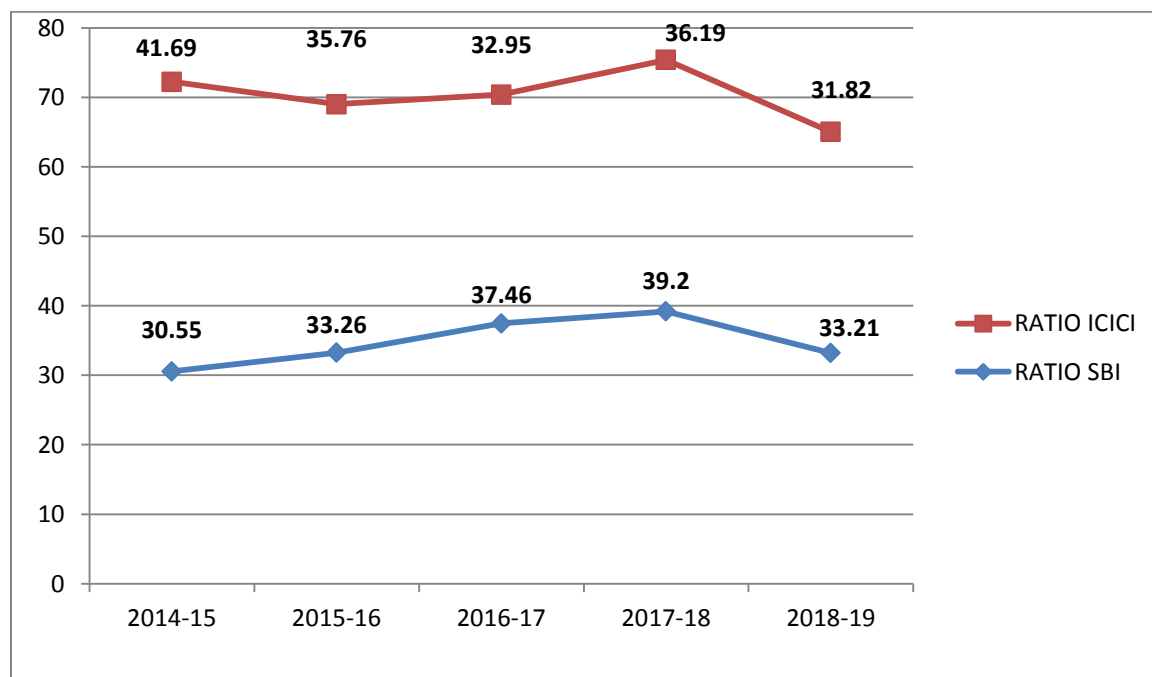
TABLE-4**COMAPRISON OF INVESTMENT DEPOSIT RATIO OF STATE BANK OF INDIA
WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA****FORMULA: INVESTMENT DEPOSIT RATIO= (INVESTMENT/DEPOSITS)**

YEAR	INVESTMENTS OF SBI	INVESTMENTS OF ICICI	DEPOSITS OF SBI	DEPOSITS OF ICICI	INV- DEPOSIT RATIO SBI	INV- DEPOSIT RATIO ICICI
2014- 2015	481758.75	186580.03	1576793.23	447495.38	30.55	41.69
2015- 2016	575651.78	160411.80	1730722.44	448528.09	33.26	35.76
2016- 2017	765989.63	161506.55	2044751.39	490039.06	37.46	32.95
2017- 2018	1060986.72	202994.18	2706343.29	560975.21	39.20	36.19
2018- 2019	967021.95	207732.68	2911386.01	652919.67	33.21	31.82

SOURCE: Annual Report of SBI and ICICI**INTERPRETATION: INVESTMENT DEPOSIT RATIO**

The table interprets the Investment Deposit Ratio which indicates that the banks give credit after allocating its deposits to cash reserve ratio. The increase in investment deposit ratio will reduce the banks capacity to lend, therefore the bank should lower the investment deposit ratio. The ratio of ICICI shows 31.82 for the year 2018-2019 and for the SBI shows higher ratio for the year 39.20 for 2017-18 but it was gradually decreased for the year 33.21 for the year 2018-19. Therefore the lower the investment ratio of ICICI bank indicates the increase in cash reserve ratio and increase in mobilization of deposits.

**FIGURE 4 CHART SHOWING INVESTMENT DEPOSIT
RATIO OF SBI & ICICI BANK**



GRAPH INTERPRETATION FOR INVESTMENT DEPOSIT RATIO

The Investment Deposit Ratio indicates a lower ratio has to maintain in order to hike the investments of the investors. The SBI bank shows an ideal ratio during the 2018-2019, whereas the ICICI shows a increasing trend, during the year 2018-2019 it has to be reduced gradually.

TABLE-5**COMAPRISON OF WORKING CAPITAL TURNOVER RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA****FORMULA: WORKING CAPITAL TURNOVER RATIO= (NET SALES/NET CURRENT ASSETS)*100**

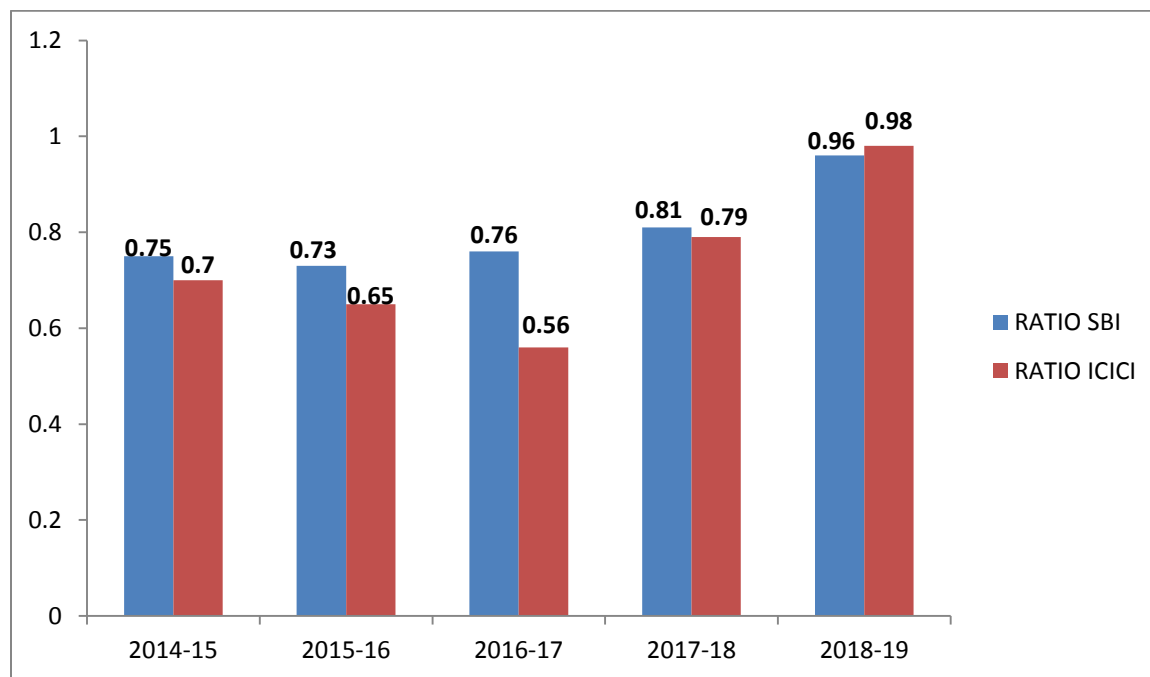
YEAR	NET SALES OF SBI	NETSALES OF ICICI	NET CURRENT ASSETS OF SBI	NET CURRENT ASSETS OF ICICI	RATIO OF SBI	RATIO OF ICICI
2014-2015	152397.07	49091.14	1419293.85	6722.81	0.75	0.70
2015-2016	163998.30	52739.43	1612300.40	22847.27	0.73	0.65
2016-2017	175518.24	54156.28	1741822.57	28289.39	0.76	0.56
2017-2018	220499.32	54965.89	2186634.95	41530.40	0.81	0.79
2018-2019	242868.65	63401.19	2529097.44	44000.71	0.96	0.98

SOURCE: Annual Report of SBI and ICICI**INTERPRETATION: WORKING CAPITAL TURNOVER RATIO**

The table interpret that the Working capital Turnover Ratio which measures how efficiently a business uses its working capital to produce sales. The working capital turnover ratio for SBI minimum is 0.73 for the year 2015-16 and the maximum ratio for the year 2018-19 is 0.96. The ICICI bank shows minimum 0.56 for the year 2016-17 and maximum is 0.98 for the year 2018-19. The working capital turnover ratio for ICICI bank shows higher ratio of 0.98 when compared

to SBI which indicates greater efficiency which helps for its ICICI bank operations to run more smoothly and limit the need for additional funding

**FIGURE 5 CHART SHOWING WORKING CAPITAL TURNOVER RATIO OF
SBI & ICICI BANK**



GRAPH INTERPRETATION FOR WORKING CAPITAL TURNOVER RATIO:

The Working Capital Turnover Ratio shows how well a company is generating its sales with respect to the working capital of the company. The ICICI bank shows a ratio of 0.98 for the year 2018-2019 and the SBI shows a ratio of 0.96 for the year 2018-2019. Both the banks shows an better working capital management's to meet the short term requirements of funds. The variation between SBI and ICICI shows slight difference in the ratios.

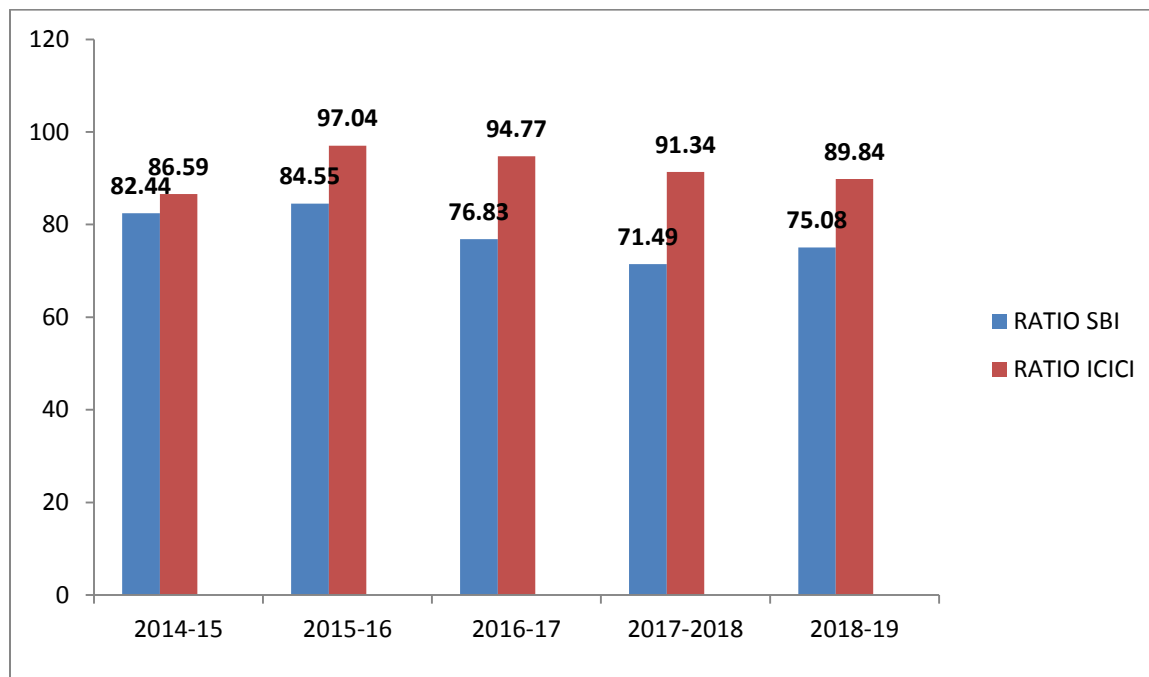
TABLE-6**COMPARISON OF LOAN TO DEPOSIT RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA****FORMULA: LOAN TO DEPOSIT RATIO = (TOAL LOAN /DEPOSITS)*100**

YEAR	LOANS OF SBI	LOANS OF ICICI	DEPOSITS OF SBI	DEPOSITS OF ICICI	LOAN DEPOSIT RATIO SBI	LOAN DEPOSIT RATIO ICICI
2014-2015	1300026.39	387522.07	1576793.23	447495.38	82.44	86.59
2015-2016	1463700.42	435263.94	1730722.44	448528.09	84.55	97.04
2016-2017	1571078.38	464232.08	2044751.39	490039.06	76.83	94.77
2017-2018	1934880.19	512395.29	2706343.29	560975.21	71.49	91.34
2018-2019	2185876.92	586646.58	2911386.01	652919.67	75.08	89.84

SOURCE: Annual Report of SBI and ICICI**INTERPRETATION: LOAN TO DEPOSIT RATIO**

Typically the ideal loan to deposit ratio is 80% to 90%. This ratio is used to assess banks liquidity by comparing a bank's total loans to its total deposits for the same period. It helps to show how well a bank is attracting and retaining customers. The percentage of SBI bank shows variation 2014-2015 82.44% to 75.08% during the year 2018-2019. The percentage of ICICI

bank shows variation 2014-2015 86.59% to 89.84% during the year 2018-2019. The loan deposit ratio of SBI bank is less percentage 75.08% when compared to ICICI bank. The SBI bank has lower interest income resulting in lower earnings. The SBI bank rather use deposits to lend since the interest rates paid to depositors are far lower than the rates it would be charged for borrowing money.



GRAPH INTERPRETATION FOR LOAN DEPOSIT RATIO

The Loan Deposit Ratio of ICICI bank shows an increasing trend during the year 2015 to 2018 but during the last year 2018-19 it shows a decrease in ratio as 89.84. The ratios of ICICI bank show a higher ratio when compared to SBI bank. This indicates that ICICI bank may not have enough liquidity to cover any unforeseen fund requirements.

TABLE-7**COMAPRISON OF FIXED ASSET TURNOVER RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA****FIXED ASSET TURNOVER RATIO = (NET SALES / NET FIXED ASSET)*100**

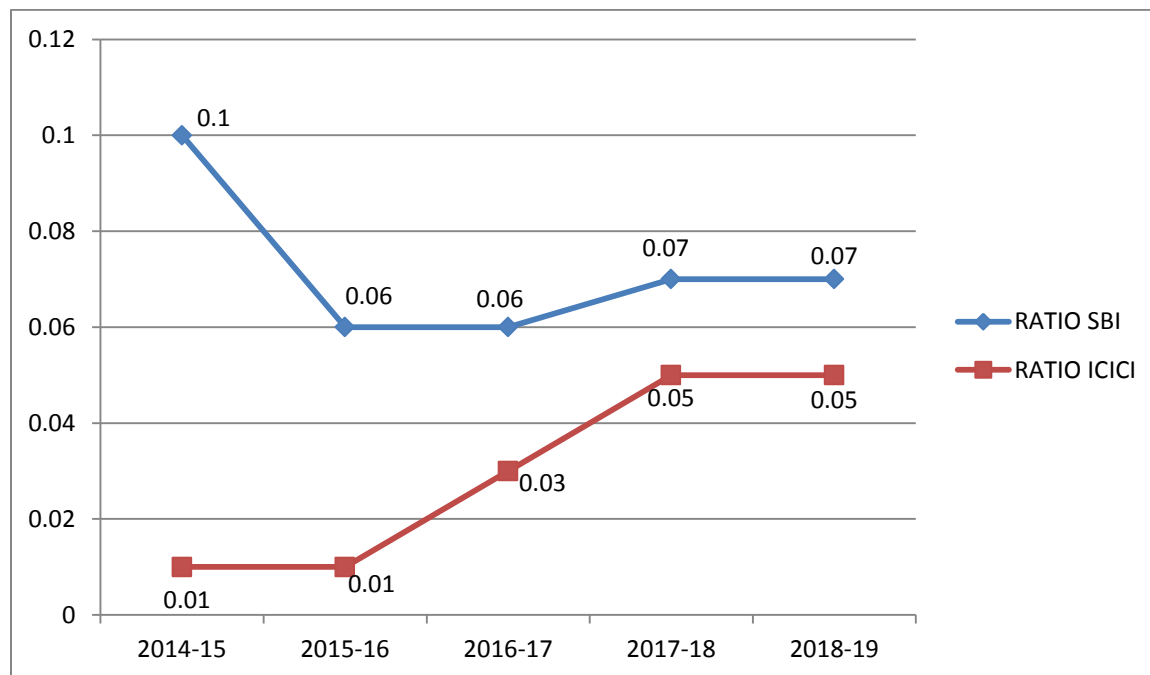
YEAR	NET SALES OF SBI	NET SALES OF ICICI	NET FIXED ASSETS OF SBI	NET FIXED ASSET ICICI	RATIO OF SBI	RATIO OF ICICI
2014-2015	152397.07	49091.14	123793	4724.52	0.01	0.01
2015-2016	163998.30	52739.43	152557	7576.92	0.06	0.01
20016-2017	175518.24	54156.28	509407	7805.21	0.06	0.03
2017-2018	220499.32	54965.89	412258	7903.51	0.07	0.05
2018-2019	242868.65	63401.19	407031	7931.43	0.07	0.05

SOURCE: Annual Report of SBI and ICICI**INTERPRETATION: FIXED ASSEST TURNOVER RATIO**

A higher Fixed Turnover Ratio indicates strong sales for the level of fixed assets this ratio is an efficiency ratio that measures companies return on their investment by companies net sales with fixed assets. The fixed asset turnover ratio shows higher ratio as 0.07 for the year 2018-2019 for

SBI and for ICICI bank it indicates 0.05 for the year 2018-19. SBI implies higher turnover than ICICI bank, which shows that in SBI bank assets has been utilized efficiently and large amount of sales are generated using small amount of assets.

**FIGURE 7 CHART SHOWING FIXED ASSET TURNOVER RATIO OF
SBI & ICICI BANK**



GRAPH INTERPRETATION FOR FIXED ASSET TURNOVER RATIO

The graphical representation shows stability in ratio for the two consecutive years for SBI bank for the year 2015-16 and 2016-17 as 0.06. Similarly for ratio of SBI is 0.07 for the year 2017-18 and 2018-19. The fixed asset turnover ratio for the year 2017-18 and 2018-019 as 0.05. The ratio of SBI is much higher than ICICI bank which indicates that SBI bank maximizes the utilization of funds to greater extent.

TABLE-8**COMAPRISON OF RETURN ONASSET RATIO OF STATE BANK OF INDIA WITH INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA****RETURN ON ASSET (ROA) = (NET INCOME/ TOTAL ASSET)*100****SOURCE: Annual Report of SBI and ICICI**

YEAR	NET INCOME OF SBI	NET INCOME OF ICICI	TOTAL ASSET SBI	TOTAL ASSET ICICI	RATIO OF SBI	RATIO OF ICICI
2014-2015	174972.97	61267.27	2048079.80	648784.16	0.85	0.94
2015-2016	191843.67	68062.49	2357617.55	723856.10	0.81	0.94
2016-2017	210979.17	73660.76	2674380.65	775158.84	0.78	0.95
2017-2018	265100.00	72385.22	3429904.01	882659.65	0.77	0.82
2018-2019	27808.99	77913.36	3656260.31	968252.20	0.76	0.80

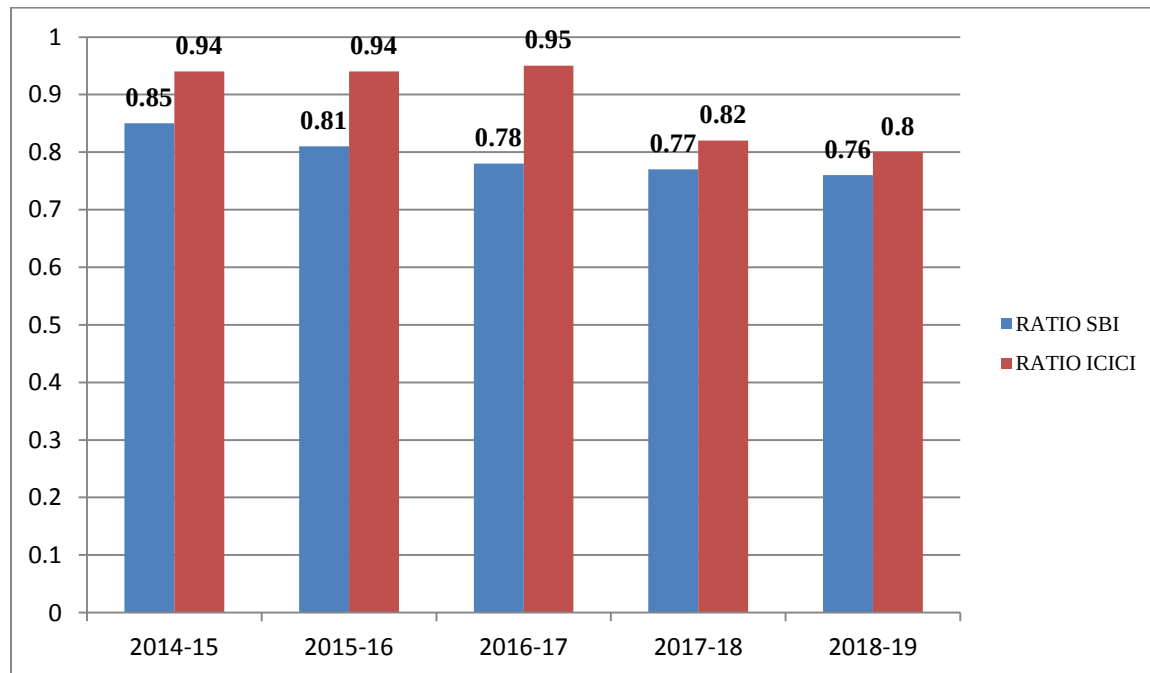
SOURCE: Annual Report of SBI and ICICI**INTERPRETATION: RETURN ON ASSET RATIO**

Return on Asset (ROA) is an indicator of how profitable a company is relative to its total assets.

It helps to analyse how efficient a company's management using its asset to generate earnings.

The higher ratio of Return on Asset shows more earning on less investment. The ratio of SBI bank shows a lower ratio when compared to ICICI bank. The SBI bank shows ratio as 85% for the year 2014-15 and for the year 2018-19 as 76%. Whereas the ratio of ICICI bank shows 94 % for the year 2014-15 and 80% for the year 2018-19. The ratio of ICICI bank also indicates decreasing trend, but the higher ratio of ICICI bank shows how effectively the bank is converting the investment into net income.

FIGURE 8 CHART SHOWING RETURN ON ASSET OF SBI & ICICI BANK



GRAPH INTERPRETATION FOPR RETURN ON ASSET RATIO

The Return on Asset ratio measures how efficiently the bank manages its assets to produce profits during the period of time. The graph indicates that the ICICI bank shows higher percentage ratio of 80% than SBI bank. The ICICI bank invests more money into capital assets and the return is measured in profits. The higher ratio of ICICI bank indicates upward profit than SBI bank.

FINDINGS & SUGGESTIONS

On the basis of the analysis and interpretations of the collected data, the researcher has identified some suggestions for consideration. On the basis of the study the following suggestions are given to the State Bank of India and ICICI bank to improve their performance

1. The research work provides the key findings according to the data analysis

It is concluded that, the Average Credit Deposit ratio of SBI is 77% and ICICI is 84% it indicates that out of every 100 Deposited money and hence it is clear that ICICI Credit Deposit Ratio much higher than SBI. It was concluded that SBI may not have enough Liquidity to cover any unforeseen fund requirements.

2. In contrast, large banks generally lack sufficient deposits to fund their main business dealing with large companies, governments, other financial institutions, and wealthy individuals. Most borrow the funds they need from other major lenders in the form of short term liabilities which must be continually rolled over. This is known as liability management, a much riskier method than asset management. The ICICI bank should maintain enough liquidity to cover any unforeseen fund requirements. So there is a need to maintain sufficient liquidity.
3. The Current Ratios indicate 2:1. The current ratio helps to know the operational efficiency of the firm. It also helps to measure the financial solvency in order to ascertain the liquidity and short term solvency ratio. The idle current ratio was maintained by SBI bank than ICICI bank.
4. The Investment Deposit Ratio of ICICI bank was to maintain a cash reserve ratio and statutory liquid ratio as per the norms prescribed by the RBI guidelines. The ratio of ICICI has to be maintained in lower level and also necessary steps has to be taken to increase the investments to meet the requirements of funds.
5. The Cash Deposit Ratio, the cash and bank balances have to be considerably maintained efficiently. The high level of cash transactions in the economy necessitates more physical notes in circulation adding responsibilities to the Reserve Bank and increasing the cost. The asset –liability management of the SBI bank should be improved to greater extent.
6. The Working Capital Turnover Ratio signifies that how well the bank is generating its sales with respect to working capital. The lower ratio generally signals that the company is not generating more revenue with its working capital. The higher working

- capital turnover ratio of ICICI bank signals that the bank is generating more revenue with its working capital than SBI.
7. The study suggest that the Loan Deposit Ratio of SBI bank indicates the ratio 82.44 for the year 2014-15 and 75.08 year 2018-19, whereas ICICI bank shows the ratio 86.59 for 2014-15 and 89.84 for 2018-19. The SBI bank Loan Deposit Ratio is attracting and retaining its customers. The deposits of SBI are increasing new clients, as a result SBI bank is likely to have more money to lend ,which will increase the earnings
 8. The Fixed Asset Ratio of SBI bank was higher than the ICICI bank. The higher ratio of SBI indicates that the assets of these banks are utilized more efficiently. Whereas the ICICI bank is not using the assets to the fullest extent, its better maximize the utilization of assets more effectively.
 9. The Return on Asset (ROA) suggests how effectively bank can earn a return on investments in assets. The ICICI bank indicates higher ratio than SBI bank. The ICICI bank shows more favorable to investors because the bank is more effectively managing its assets to produce greater amounts of net income.
 10. The overall analysis of the above ratios indicates that the ICICI bank shows positive significance with increasing trends which is more favorable for its customers and its management as well.

CONCLUSION:

The present research work dealt with the performance of State Bank of India with reference to Ratio analysis and Working capital management. There is a sufficient progress in the State Bank of India and the overall performance of the Bank is good. The performance of State Bank of India has been analyzed in detail in terms of deposit mobilization,, loans and advances,

investment position, , earnings and profitability efficiency. According to the analysis, the State Bank of India is maintaining the required standards and running profitability. State Bank of India has more profitability because it enters into the industry as well as commercial market also and regularly it improving the service quality level. In this highly competitive global environment it is imperative for the State Bank of India to show outstanding performance in various parameters. The ICICI bank shows a significance performance year by year. The current ratio maintained by ICICI bank should be improved to greater extent to maintain the liquidity position of the bank relating to its financial performance.

It was concluded that the overall performance in terms of working capital turnover ratio, Cash Deposit ratios of ICICI bank reveals higher eminent performance, in which the ICICI bank has enough short-term assets to pay off its short-term debt. The ICICI bank has higher ratio, which leads to flexibility to expand its business operations. SBI bank Working Capital Turnover has to be increased to greater extent to meet its requirements. The Fixed Asset Turnover ratio of SBI is comparatively mush higher than ICICI. The declining ratio of ICICI indicates that bank over-invest more in fixed assets. The ICICI bank should use fixed assets to generate more sales. The Return on Asset (ROA) shows higher ratio for ICICI bank which implies the assets are used more efficiently and effectively. SBI bank has to increase the Return on asset in order to improve its profitability and financial performance.

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