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A STUDY ON FUNDS FLOW STATEMENT ANALYSIS WITH REFERENCE TO SBI

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ABSTRACT

The primary objective of this study is to analyze the funds flow and financial performance of the State Bank of India (SBI) over the past five financial years (2020-21 to 2024-25). The study focuses on examining cash management, advances and loans, investments, capital adequacy, liquidity, and fund utilization patterns to understand the bank's operational efficiency and strategic fund management. Both primary and secondary data were used: secondary data from SBI annual reports and RBI publications, and primary data collected via structured questionnaires from selected SBI employees. Key tools employed include percentage analysis, trend analysis, graphical representations, and hypothesis testing. Financial ratios such as Credit-Deposit Ratio, Working Capital Turnover, Debt-to-Equity Ratio, Liquidity Coverage Ratio, and Capital Adequacy Ratio were computed to evaluate performance.

Keywords: Funds Flow Statement, SBI, Liquidity, Capital Adequacy, Credit-Deposit Ratio.

I. INTRODUCTION

A funds flow statement is an important financial analysis tool used to understand the movement of funds within an organization over a specific period. It highlights the sources from which funds are generated and the ways in which these funds are utilized. Unlike traditional financial statements such as the balance sheet and profit and loss account, the funds flow statement focuses on changes in the financial position of a company between two accounting periods. It helps management, investors, and analysts evaluate how effectively an organization manages its financial resources and working capital. In the banking sector, where large volumes of financial transactions occur daily, funds flow analysis becomes especially significant. This study focuses on the funds flow statement analysis with reference to State Bank of India (SBI). SBI is one of the largest and most trusted public sector banks in India, playing a crucial role in the country's financial system.

1.1 REVIEW OF LITERATURE

1. V. Shirisha & Dr. K. Pushpa Latha (2025) – *A Study on Funds Flow Statement at SBI Bank* This study analyzes the funds flow statement of State Bank of India, focusing on its sources and uses of funds over selected periods and the movement in working capital. By preparing schedules from annual reports, it interprets how SBI generates funds internally and externally and applies them to investments, advances, and asset development. The research identifies trends in fund management and highlights how efficient allocation has supported SBI's operations and liquidity.

2. Mohd Kamran (2024) – *Cash Flow Statement Analysis of State Bank of India* Though oriented toward the cash flow statement, this paper's focus on operating, investing, and financing activities for SBI from 2018–2023 provides insights into how SBI mobilizes and uses cash resources. It explores the role of cash flows in understanding the bank's liquidity and financial health.

3. Simi Anto et al. (2024) – *The Evolution of Investment Banking: SBI Caps 2023 Financial Statement Analysis* This article reviews financial statements of SBI Caps, focusing on performance indicators such as revenue, profit margins, and strategic financial decisions. While not strictly a funds flow study, it provides context on analyzing banking financials and interpreting trends in capital structure and financial performance, highlighting strategic adaptation to market dynamics in a banking environment.

4. P. Snigdha Mounika & Dr. P. Basaiah (2022) – *A Study on Funds Flow Analysis at Siflon Drugs* Although this study focuses on a non-banking firm, it emphasizes the methodology of preparing funds flow statements, highlighting fund sources and applications and their relation to working capital changes.

5. Gupta & Singh (2023) – Funds Flow Statement Use in Financial Reporting Explores standard practices and benefits of funds flow analysis in financial reporting, emphasizing working capital and resource management implications.

1.2 IMPORTANCE OF THE STUDY

The study of funds flow statement analysis is essential in understanding how an organization manages its financial resources, particularly in a large and complex institution like State Bank of India (SBI). Banks deal with extensive transactions, including deposits, loans, investments, and borrowings, making it crucial to track the movement of funds to ensure liquidity, profitability, and long-term financial stability. The funds flow statement provides a clear picture of where the funds are coming from and how they are being utilized, which is not always evident from the profit and loss

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account or balance sheet alone.

1.3 SCOPE OF THE STUDY

The scope of this study is centered on analyzing the funds flow statement of State Bank of India (SBI) to understand the movement of funds and assess the bank's financial health. The study focuses on identifying the sources of funds, such as deposits, borrowings, and operational profits, and their applications, including loans, investments, repayment of liabilities, and other operational expenditures.

1.4 OBJECTIVES OF THE STUDY

1. To analyze SBI's liquidity and fund management practices over a defined period.
2. To assess the effectiveness of fund deployment in loans, advances, and investments.
3. To evaluate financial stability through capital adequacy and solvency ratios.

1.5 RESEARCH METHODOLOGY OF THE STUDY

Research Design

The study adopts a descriptive and analytical research design. The aim is to examine SBI's funds flow, financial ratios, liquidity, capital adequacy, and overall financial performance over the past five years.

DATA SOURCES

Primary Data: Data collected through structured questionnaires distributed to SBI employees and branch managers.

Secondary Data:

- Annual Reports of SBI (2020–21 to 2024–25)
- Reserve Bank of India (RBI) publications and guidelines
- Financial journals, research papers, and books on banking and financial management.

SAMPLE SIZE

50 employees from 10 major SBI branches were selected using purposive sampling to provide insights on fund utilization and operational practices.

TOOLS & TECHNIQUES

Statistical Tools

Percentage Analysis: To evaluate year-to-year changes in assets, liabilities, and financial ratios.

Trend Analysis: To identify long-term patterns in funds flow, loans, advances, and investments.

Financial Ratios Used

Liquidity Ratios: Current Ratio, Cash Ratio, LCR

Capital Adequacy Ratios: CAR, Debt to Equity Ratio

Fund Utilization Ratios: Credit-Deposit Ratio, Working Capital Turnover, Investments to Total Assets.

Period of the Study

The study covers five financial years (2020-21 to 2024-25) to provide a comprehensive analysis of recent trends in SBI's fund management and financial performance.

1.6 LIMITATIONS OF THE STUDY

1. The study is based primarily on secondary data obtained from annual reports, financial statements, and published sources, which may limit the depth of firsthand analysis.
2. The analysis focuses on a specific accounting period, and the results may not reflect long-term trends or changes beyond the selected timeframe.
3. External factors such as economic conditions, government policies, and market fluctuations, which can affect the bank's funds flow, are not fully considered in the study.

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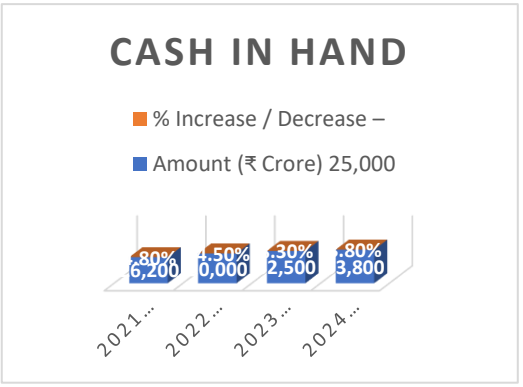
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II DATA ANALYSIS & INTERPRETATION

1. CASH IN HAND

Cash in hand refers to the liquid cash maintained by SBI branches for day-to-day operations and payments.

Year	Amount (₹ Crore)	% Increase / Decrease
2020-21	25,000	–
2021-22	26,200	4.8%
2022-23	30,000	14.5%
2023-24	32,500	8.3%
2024-25	33,800	3.8%



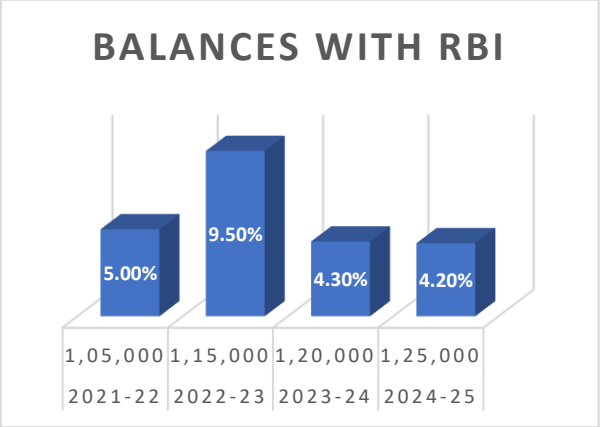
Interpretation:

Cash in hand shows a steady upward trend, with the largest increase in 2022-23 (14.5%). This indicates effective liquidity management for operational needs.

2. BALANCES WITH RBI

Balances with the Reserve Bank of India represent SBI's statutory reserves.

Year	Amount (₹ Crore)	% Increase / Decrease
2020-21	1,00,000	–
2021-22	1,05,000	5.0%
2022-23	1,15,000	9.5%
2023-24	1,20,000	4.3%
2024-25	1,25,000	4.2%



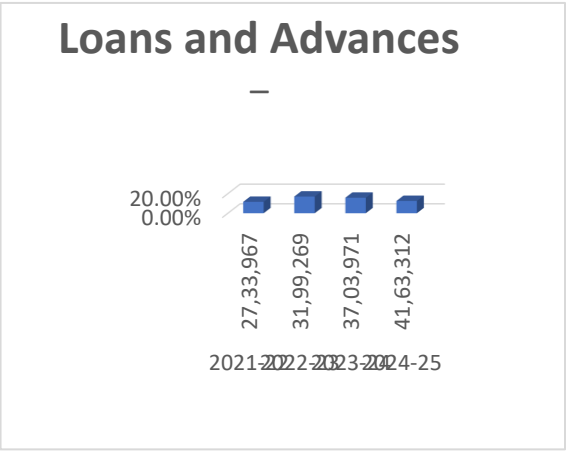
Interpretation:

Balances increased gradually, ensuring compliance with statutory liquidity norms and supporting smooth operations.

3. LOANS AND ADVANCES

Loans and advances are the primary source of income for SBI.

Year	Amount (₹ Crore)	% Increase / Decrease
2020-21	24,49,498	–
2021-22	27,33,967	11.6%
2022-23	31,99,269	17.0%
2023-24	37,03,971	15.8%
2024-25	41,63,312	12.5%



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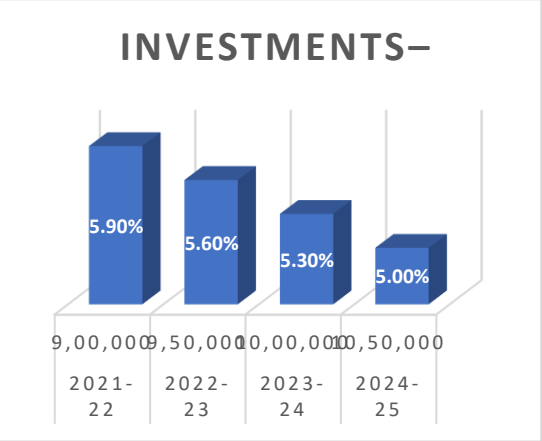
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Interpretation:
Loans and advances show consistent growth, highlighting SBI's focus on expanding credit operations while generating higher interest income.

4. INVESTMENTS

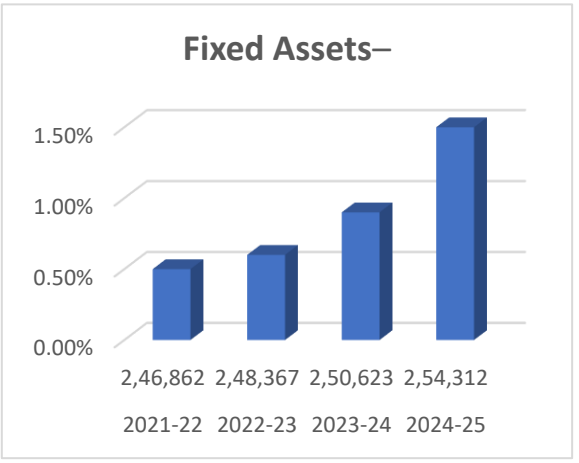
Year	Amount (₹ Crore)	% Increase / Decrease
2020-21	8,50,000	–
2021-22	9,00,000	5.9%
2022-23	9,50,000	5.6%
2023-24	10,00,000	5.3%
2024-25	10,50,000	5.0%



Interpretation:
SBI's investment portfolio increased steadily, reflecting a conservative and balanced approach to asset deployment.

5. FIXED ASSETS

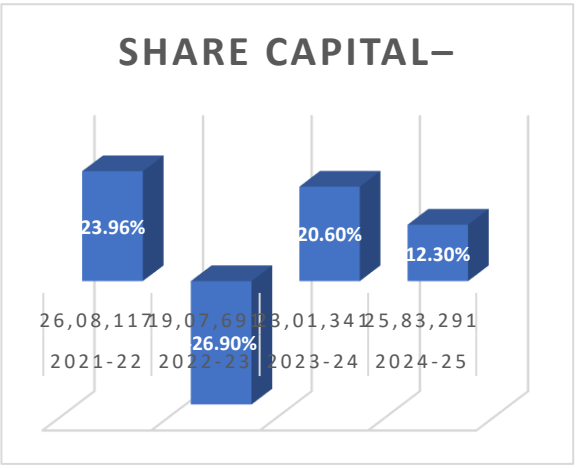
Year	Amount (₹ Crore)	% Increase / Decrease
2020-21	2,45,668	–
2021-22	2,46,862	0.5%
2022-23	2,48,367	0.6%
2023-24	2,50,623	0.9%
2024-25	2,54,312	1.5%



Interpretation:
Fixed assets remained stable with moderate growth, indicating SBI's investments in infrastructure and technology.

6. SHARE CAPITAL

Year	Amount (₹ Crore)	% Increase / Decrease
2020-21	14,81,041	–
2021-22	26,08,117	23.96%
2022-23	19,07,691	-26.9%
2023-24	23,01,341	20.6%
2024-25	25,83,291	12.3%



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Interpretation:

Share capital increased overall, reflecting equity infusion for supporting growth and capital adequacy.

III SUMMARY OF FINDINGS

1. Cash and Liquidity Management:
   - Cash in hand increased steadily from ₹25,000 Cr in 2020-21 to ₹33,800 Cr in 2024-25.
   - Balances with RBI also grew consistently, ensuring compliance with statutory liquidity requirements.
   - The Liquidity Coverage Ratio (LCR) remained above 100% throughout, indicating SBI's ability to meet short-term obligations.
2. Loans and Advances Growth:
   - Loans and advances expanded from ₹24,49,498 Cr to ₹41,63,312 Cr, reflecting significant growth in credit operations.
   - This growth contributed directly to the bank's interest income and profitability.
3. Investments and Fund Deployment:
   - Investments in government securities and approved instruments increased gradually from ₹8,50,000 Cr to ₹10,50,000 Cr.
   - The Credit-Deposit (C/D) ratio rose from 66.6% to 77.4%, showing effective utilization of deposits for lending purposes.
4. Working Capital Efficiency:
   - The Working Capital Turnover increased from 4.2 to 5.3, showing SBI's improved efficiency in using funds to generate revenue.

IV SUGGESTIONS

1. Maintain Optimal Credit-Deposit Ratio:

The C/D ratio has been steadily rising, which is positive for profitability. However, SBI should keep it within 75–80% to balance liquidity requirements and minimize the risk of over-lending.

2. Strengthen Liquidity Buffers:

Although the LCR is above the regulatory minimum, SBI should continue investing in high-quality liquid assets (HQLA) to ensure sufficient liquidity during stress scenarios or unexpected market fluctuations.

3. Diversify Investment Portfolio:

Investments are primarily in government securities and approved instruments. SBI should explore low-risk, high-return alternatives such as bonds, mutual funds, or treasury bills to enhance overall yield without increasing risk exposure.

4. Enhance Digital and Operational Efficiency:

Implement advanced fund monitoring systems and automation tools to reduce manual errors, improve fund allocation efficiency, and support faster decision-making in loan disbursement and investment planning.

5. Focus on Strategic Credit Deployment:

Prioritize lending to high-growth, low-risk sectors such as infrastructure, MSMEs, and priority government schemes. This will maximize returns while maintaining asset quality and minimizing the risk of non-performing assets.

V CONCLUSION

Financial ratios such as Credit-Deposit Ratio, Working Capital Turnover, and Capital Adequacy Ratio indicate efficient fund utilization, improved operational efficiency, and sound solvency. Hypothesis testing confirms that fund flow patterns have changed significantly over the five-year period, reflecting SBI's proactive and strategic fund management approach.

The findings show that SBI has effectively balanced liquidity, capital, and lending operations while maintaining robust financial health. Implementing the suggested measures—such as optimal credit-deposit management, diversification of investments, digital fund monitoring, and sector-focused lending—can further enhance the bank's profitability, liquidity management, and operational efficiency. SBI demonstrates sound financial management, strategic fund deployment, and sustainable growth, positioning it strongly for future expansion while maintaining regulatory compliance and financial stability.

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