



EVALUATION OF FINANCIAL PERFORMANCE OF SIDBI (FROM 2008-09 to 2012-13)

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Abstract: *The SIDBI being an important nerve of modern organized society can play an important role in the SSIs transformation. It provide the infrastructure on which agriculture; industries and trade of nation depend. They can allocate available resources by mobilizing deposits and advancing credit into the best possible uses according to national priorities. By opening branches in un-banked and under-banked areas, the banks can spread magnetization, thereby introducing a larger market economy in place of natural economy. By providing loans to agriculture and small-scale sector they can solve the acute problems of unemployment and under employment. Hence banks can rightly be called the nation's agents of economic development. But in developing countries like India the role of SIDBI is not confined to accepting deposits and advancing loans. They also accept the accelerating flow of credit in accordance with the needs of SSI development. Hence in the present paper an attempt is made to evaluate the financial position of the SIDBI from 2008-09 to 2012-13.*

Keywords: *Small-Scale Industries, SIDBI, Net Worth, Disbursement.*

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INTRODUCTION

The SIDBI being an important nerve of modern organized society can play an important role in the SSIs transformation. It provides the infrastructure on which agriculture; industries and trade of nation depend. They can allocate available resources by mobilizing deposits and advancing credit into the best possible uses according to national priorities. By opening branches in un-banked and under-banked areas, the banks can spread magnetization, thereby introducing a larger market economy in place of natural economy. By providing loans to agriculture and small-scale sector they can solve the acute problems of unemployment and under employment. Hence banks can rightly be called the nation's agents of economic development. But in developing countries like India the role of SIDBI is not confined to accepting deposits and advancing loans. They also accept the accelerating flow of credit in accordance with the needs of SSI development. They have shifted from restricted old conservative policies to modern banking with lots of new techniques, which brings dynamism and innovation in their functioning.

The Government of India and the State government have been pursuing a policy of protecting and promoting small-scale industries for a long time. Small-scale industries have been accorded pride of place in the planned industrialization process of the Indian economy, which is characterized by among other factors low productivity in the SSIs abundant labour and scarcity of capital. The comparatively easy dispersal of small-scale industries in the rural and economically backward areas has an added advantage of increasing incomes in these places. They can contribute to production and generate employment absorbing relatively a smaller amount of capital ensure a more equitable distribution of income and facilitate effective mobilization of capital and skills which would otherwise remain unutilized.

The Small Industries Development Bank of India (SIDBI) was set up in 1990 under an Act of Parliament- the SIDBI Act, 1989. The charter establishing SIDBI envisaged SIDBI to be "the principal financial institution for the promotion, financing and development and development of industries in the small scale sector and to coordinate the functions of other institutions engaged in similar activities."

Financial soundness is very important for the success in whole the business. Efficiency of other parts of the business depends upon the efficiency of the finance department. Hence



it is very imperative to evaluate the financial position of SIDBI. In the present study efforts are made to evaluate the financial position of the SIDBI from 2008-09 to 2012-13.

OBJECTIVES OF THE STUDY

1. To evaluate the financial position of the SIDBI.
2. To find the trend in the financial performance of the SIDBI.

MEASURES USED FOR FINANCIAL PERFORMANCE EVALUATION OF SIDBI

To evaluate the financial position of the SIDBI various measures are used in the present study, such as net worth, paid up capital, total income, net profits, reserves & funds, dividend to shareholders etc.

DATA ANALYSIS

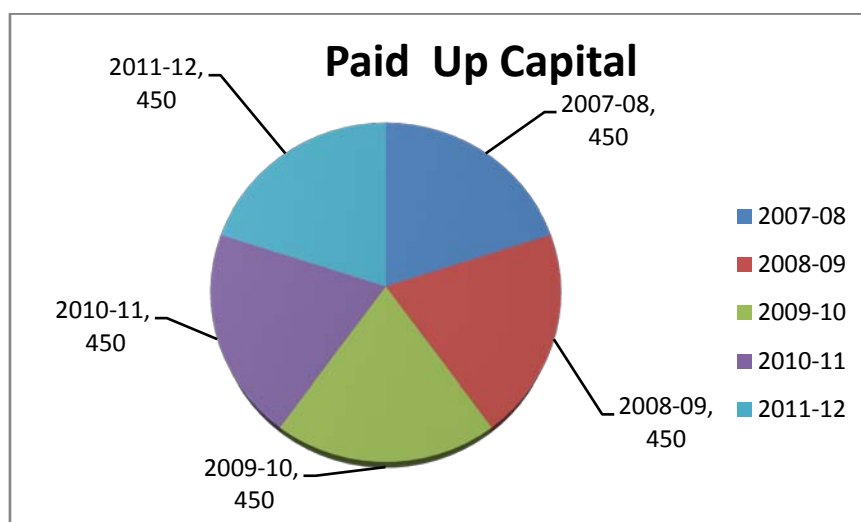
1. **Paid up Capital:** Table No. 1 Show paid up capital of the SIDBI during the period 2008-09 to 2012-13.

Table 1

Paid up Capital (Rs. In Crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Average
Paid Up Capital	450	450	450	450	450	450

Graph 1



Compiled Personally from annual Reports

Above table and pie graph depicts that the paid up capital of the SIDBI is Rs. 450 Crore during the whole period of the study.



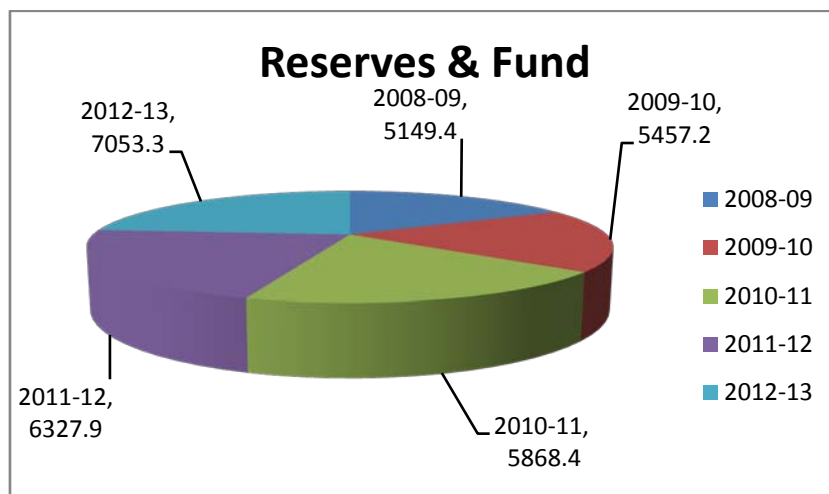
2. Reserves & Fund: Reserves & Funds of the SIDBI is shown by the table & graph No.2. High reserve and funds shows better financial position.

Table 2

Reserves & Fund (Rs. In Crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Average
Reserves & Fund	5149.4	5457.2	5868.4	6327.9	7053.3	5971.24

Graph 2



Compiled Personally from annual Reports

While studying the above table and graph we find that the reserve and funds are Rs. 5149.4 crore during 2008-09. During 2009-10 reserves and funds are 5457.2 crore, while these are Rs. 5868.4 crores during 2010-11. Reserves and funds increased to Rs. 6327.9 crore during the year 2011-12 and finally in the last year of the these become to Rs. 7053.3 crore. From the above discussion we find that the reserves and funds shows increasing trend during the whole period of the study.

3. Total Income: Total income of the SIDBI includes both interest income and non-interest income.

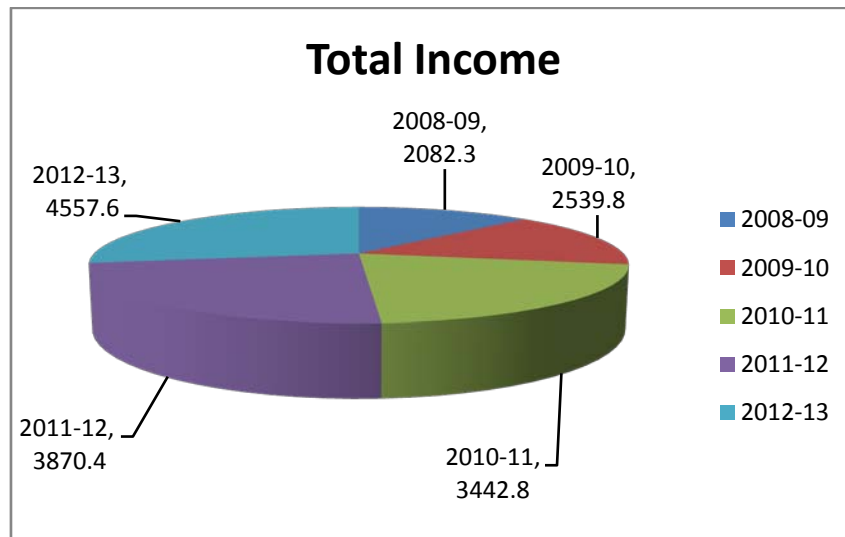
Table 3

Total Income (Rs. In Crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Average
Total Income	2082.3	2539.8	3442.8	3870.4	4557.6	3298.58



Graph 3



Compiled Personally from annual Reports

It is clear from the above table and graph that Total income of the SIDBI was Rs. 2082.3 crores during 2008-09. During 2009-10 total income was 2539.8 crore, while it was Rs. 3442.8 crore in the 2010-11. In the last year of the study i.e. 2012-13 the total income was Rs. 4557.6 crore.

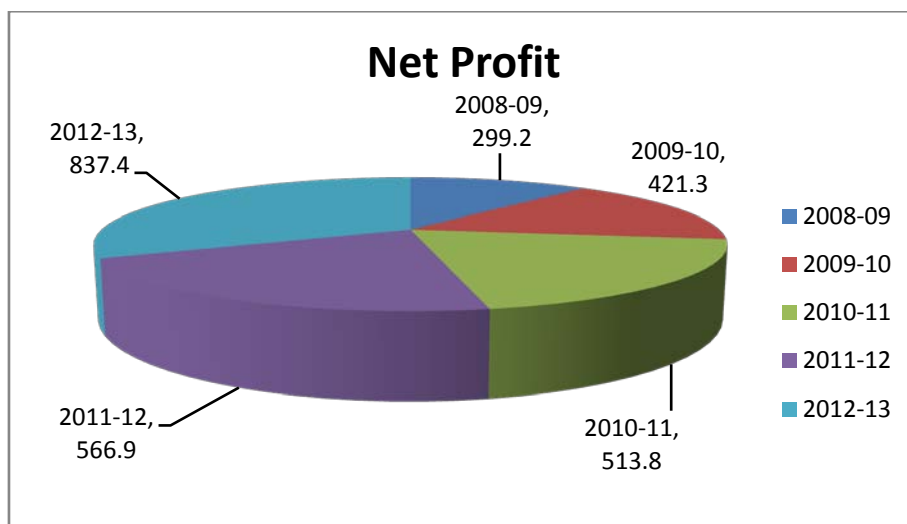
4. Net Profit: Net profit of the SIDBI is shown by the Table No.4. High net profits show better financial position.

Table 4

Net Profit (Rs. In Crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Average
Net Profit	299.2	421.3	513.8	566.9	837.4	527.72

Graph:4





Compiled Personally from annual Reports

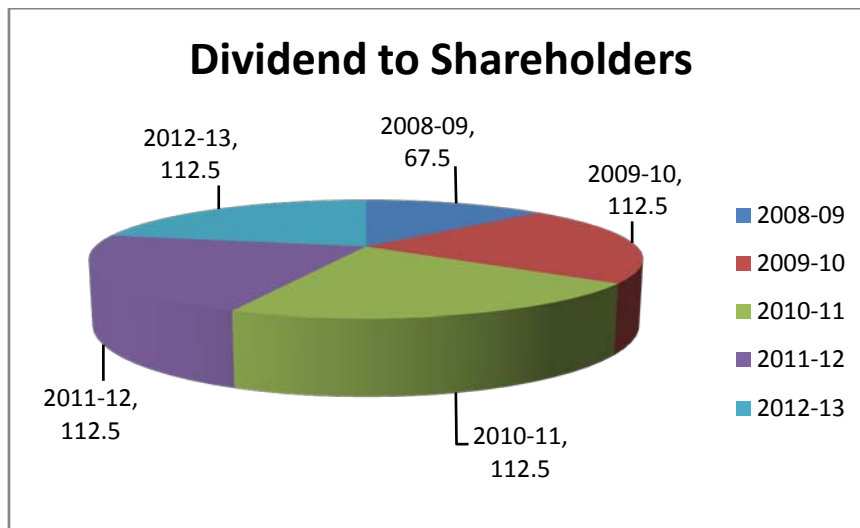
Above table and graph shows Net Profit earned by the SIDBI during the period of the study. Net Profit of the SIDBI was Rs. 299.2 crores during 2008-09. During 2009-10 Net Profit was 421.3 crore, while it was Rs. 513.8 crore in the 2010-11. In the last year of the study i.e. 2012-13 the Net Profit was Rs. 837.4 crore. Hence it can be concluded that net profit shows increasing trend during the period of the study.

5. Dividend to Shareholders: High dividend payment shows financial soundness of the company.

Table 5
Dividend to Shareholders (Rs.)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Average
Dividend to Shareholders	67.5	112.5	112.5	112.5	112.5	103.5

Graph 5



Compiled Personally from annual Reports

The dividend to shareholders of SIDBI was Rs. 67.5 in the year 2008-09 and Rs. 112.5 during the remaining period of the study. The average dividend to shareholders of the SIDBI during the period of study was Rs. 103.5.

6. Net Worth: Net worth of the SIDBI during the period of the study is shown by the table and graph no.6.

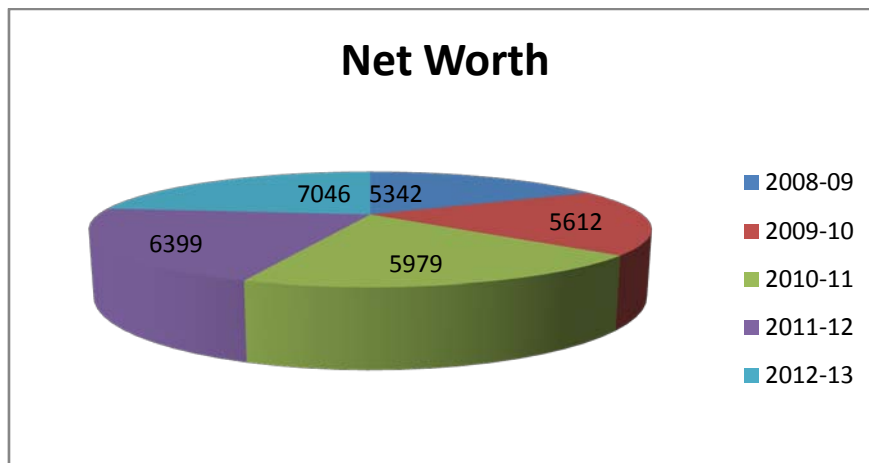


Table:6

Net Worth (Rs. In Crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	Average
Net Worth	5342	5612	5979	6399	7046	6075.6

Graph:6



Compiled Personally from annual Reports

Above table and graph shows Net Worth of SIDBI, during the period of the study. In the year 2008-09 net worth was Rs. 5342 cr. In the year 2009-10 there was good growth and the Net Worth stood at Rs. 5612 cr. In the next year i.e. 2010-11 the net worth of the bank was Rs. 5979 cr. During the period 2011-12 the bank was functioning with a Net-Worth of Rs. 6399 cr. In the last year of the study i.e. 2012-13 the net worth of the bank was Rs. 7046 cr. Average Net Worth of the bank during the period of the study was Rs. 6075.6 crore.

CONCLUSION

In the present paper attempt is made to evaluate the financial position of the SIDBI from 2008-09 to 2012-13. In the present paper various parameters are used to evaluate the financial position of the SIDBI. After evaluating all the parameters individually researcher find that all the parameters which are used to evaluate financial position are increasing. They all shows increasing trend during the period of the study. Hence, in the end we can conclude that the financial position of the SIDBI is very sound during the period of the study.

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