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A Study on Performance Analysis of Small Industries Development Bank of India

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Abstract:

Small Industries Development Bank of India, SIDBI was set up with the aim of promotion, financing and development of the small scale sector, and co-ordination of the functions of the institutions engaged in the promotion and financing or developing industry in the small scale sector. SIDBI also refinances institutions such as state financial corporations (SFCs), state industrial development corporations (SIDCs), and commercial banks against loans granted to the small-scale sector. SIDBI also acts as financier for small-scale projects directly on a selective basis. The prominent role of SIDBI is to ease the credit supply in its endeavors to support Micro, Small and Medium Enterprises sector. SIDBI as an development bank plays a vital role and as an integral part of financial ecosystem it plays a linchpin part in the overall economic development of the economy. Bank is establish to support Micro, Small and Medium Enterprises and make this sector globally competitive so that MSME can serve better to both domestic and international market demands. The most challenging situation Covid Pandemic demanded for more robust approach meticulous efforts to support MSMEs in this situation It encourages Entrepreneurship to broaden the ecosystem of regulators. In order to provide adequate credit supply to MSME sector Financial Institution like SIDBI should have adequate resources. Profitability of Bank is one of the indicator which can bring into lime light the sources and applications of Banks funds. With this backdrop, this research studies aims to find out the performance of SIDBI in terms of Net worth, its portfolio size, Net Income, Assets Based, Profits. Loans and advances and NPA. The study is conducted from year 2005 to 2020 data extracted from Annual Reports of SIDBI. In order to study and examine the performance of developmental bank multiple regression was used in the study. In depth review of the available literature and apt peer-reviewed research studies was conducted followed by the statistical analysis of collected data of SIDBI.

Keywords: *MSME, SIDBI, Net Worth, Performance of SIDBI, Profitability, Capital to Risk Ratio, NPA, Portfolio size, Earning Per Share.*

Introduction:

Developing economy like India on the verge of growth has focused more on augmenting the volume and the value of exports in order to achieve better development and economic stability which will help to create better job opportunities with the help of proper utilization of available local resources. Finance is the life blood of all the businesses. It is required right from starting i.e inception and expansion and growth of the any firm. It plays a vital role in any business operations. For all the operational activities like any procurement of material, equipment, machinery, plant, technology or even hire labor or staff funds are required. Capital is required at every stage and for each and every operations of the business. For any investment in the firm whether current or in fixed investment funds are very important. Without adequate funds businessman cannot procure or invest in any assets required. Hence, to funds this investment it is important that commercial banks, financial institutions, NBFCs should provide reasonable low cost finance.

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MSMEs are the Spine of social economic development of any economy. The abundant MSMEs literature has progressively acknowledged the role of micro, small and medium enterprises (MSMEs) in expediting global economic growth and development. Micro, Small and Medium Enterprises sector has a crucial role in ensuring the comprehensive growth and to promote reduction in regional imbalance. The MSME sector has been considered as a vibrant and dynamic sector in the industrial scenario of economy and the sector acts as an engine for the economic growth of the country by means of its contribution towards employment generation, export earnings, production and assisting in satisfying the requirement of medium and large scale industries. Countries like India that are thickly populated and industrially progressive are highly depending on this sector for promotion of employment opportunities for the citizens of the country and attaining the balanced economic and regional growth. MSME sector is seen as prominent contributor in process of change, organizational innovations, and boosting technological progression, creativity and entrepreneurship in the transitional period of economy.

SIDBI is apex financial Institution of MSME Sector prominently focusing on seamless credit flow to this sector, promoting and enhancing the competiveness through different schemes and promotional activities and supporting effective coordination amongst all the stakeholders. SIDBI mission is to strengthening the credit supply to Micro, Small and Medium Enterprises. It caters both monetary as well as developmental gap in eco system of Micro, Small and Medium Enterprises. It is highly committed towards development of this sector. It is rightly said that SIDBI as a financial Institution is one of the important nations agents to accelerating economic development. SIDBI Vision 2.0 has envisaged 3 core areas comprising of firstly reducing the credit gap by way of integrated focus on both direct and indirect lending's, secondly promotions of non-financial supports and thirdly creating improved access to the data base of MSMEs. SIDBI caters the MSME sector through various initiatives like policy advocacy, coordination between credit institutions, conducting various promotional activities through systematic efforts.

SIDBI has initiative lot of schemes for empowerment of MSME sector like in case of direct loans there are loans like SMILE SIDBI Make in India Soft Loan for MSMEs, SMILE Equipment Finance(SEF), various loans under partnership , Cash credit- working capital, Trade Finance Schemes, SPEED i.e Funds for purchasing equipments for enterprises development, ASPIRE, Funds for start-ups etc.

In year 2020 the apex Institute came up with various new initiatives to deepen the outreach this sector like come up with new partnerships, coming up new simple products with less TAT, ease of process through digitalizing the products, improving involvement with customers, prompt and timely reply to the macro-factors.

Objectives of Study:

1. To study and examine the performance of SIDBI for a particular period.
2. To study and understand the relationship between various components of Annual Reports of SIDBI.
3. To examine the relationship between Portfolio size and Net Worth
4. To examine the relationship between Net Income and Profits.
5. To understand and examine the relationship between CRAR and EPS

Hypothesis of the study:

Based on the thorough Literature Review and various financial performance parameters following hypothesis were formulated and test was conducted:

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H_1 : There is a significant impact of Portfolio Size and Net Worth

$H_{2:}$ There is a significant impact of Net Income on Profits

H_3: There is a significant impact of Earning Per Share (EPS) on Capital to Risk Weighted Assets Ratio (CRAR)

Scope of the study:

Scope of this research study is restricted only to the secondary data collected from SIDBI Annual Reports, other official reports published by Government. The secondary data includes from year 2005 to 2020 year data.

Review of Literature:

(Francis, December 2019) Researcher in this article carried out the financial analysis of various aspects of Annual reports of SIDBI for period of 10 years. The study depicted that profitability of the bank is increasing for the study period. Balancesheet size for the study period is increasing. Studies also examined Capital Adequacy Ratio and Return on Assets Ratio to understand the against the prescribed level by Reserve Bank of India.

(Sahu, 2014) The authors in their study analyzed role of SIDBI in financing, promotion and development to MSMEs in India. Their study is based on secondary data collected from Annual Reports of SIDBI, various surveys of Industries and other reports. The study quoted that more than 87% of Micro, Small and Medium Enterprises are not approaching banks or any other financial institutes for credit facilities, instead they depend on their self, friends or relatives. It also identified why this vital sector MSME of economy is not approaching Banks or Financial Institutions mainly due to the stringent policies , collateral requirements, high documentation etc. These norms setbacks MSMEs from availing loans from Banks or Financial Institutions. Research cited the increasing involvement of Apex Bank SIDBI in providing finance to the MSME sector.

(ANSARI, 2013) Researcher studied and examined the profitability aspect of development bank and its determinants with the help of multiple regression.. The period for this research studies was from 2006 to 2011. Various profitability ratios were studied in order to examine the efficiency in application and mobilization of finance. Research carried out in depth study of profitability by taking various variables and determinants defining or effecting the profitability of the Bank and the efficacy with which the funds are used . Researcher studied different ratios viz Borrowed and Total Fund, Deposit to Fund, Credit to Deposit for understanding the efficiency of use of funds. Profitability was examined with the help of ratios like total expenses to total income , interest expenses to total expenses etc. The researcher found that the portion of share capital in the owned funds for the period under study was decreasing however, Reserves and surplus in the owned funds are because of high profits generated by bank with the objective to maintain and sustain Capital to Risk Weighted Average Asset (CRAR).

(Gupta, 2013) Research made the attempt in evaluating financial position of SIDBI by analyzing variables like paid up capital, reserves and funds, total income, Net profit and dividend to shareholders etc. Period for study was from 2007 to 2012 Research after analysis different parameters found that financial position of SIDBI for period from 2007 to 2012 was sound and showing increasing trend.

(Masih, 2017) In this research paper, researcher firstly highlighted the growth of MSMEs in Uttar Pradesh which is not remarkable. And the need for the study was realized by researcher to discuss the major

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impediment faced by MSMEs is shortfall of credit supply. It also discussed about the acute employment issues which can be resolved by promoting small scale industries in the region ultimately heading towards economic growth. In order to promote small scale industries adequate supply of credit plays a vital role. The researcher studied the role of SIDBI in promoting and providing credit flow to the dynamic sector of economy i.e MSMEs.

(Lone, 2018) Research in his studied financial position of SIDBI. Researcher focused on the analysis portfolio size, net worth, net profit income etc. The object of the study was to examine the impact of portfolio size on networth, and net income on the total profits of the bank. The study helped in understanding the relationship between the variables under study and their impact with the help of regression analysis.

In present research paper, thorough review of literature was carried out and on the basis of past available literature and (Lone, 2018) research studied was taken as basis to further examine and understand variables and their impact of predetermined variables. The regression model with the help of past literature was formulated in order to find the relationship and impact of various variables.

(Neetu Sharma, 2014) Banking institution try to spread Green environment product by way of Finance to those Industries which make "Green Product" Eg : Automobile Industry give more importance to battery bike or solar car etc. Green banking is an umbrella that makes bank sustainable in Economic, environment & Social dimensions. Green banking is making technological improvement in banking sector. It is a smart way of thinking with a vision of future sustainability. Green banking is still a major issue & can take an important for development of our country India. The environmental friendly activities such as using energy efficient alliance, implement green data centre's help in improving their operational efficiency as well as cost saving factor for a long run.

(Tandon, 2012) The researcher has mentioned the importance of the banking sector in the economic development of the country. In India banking system is featured by large network of Bank branches, serving many kinds of financial services of the people. The research Methodology used by there is a comparative analysis of both the banks based on the mean and compound growth rate (CGR). The study is based on secondary data collected from magazines, journals & other published documents. Which was a limitation since it's difficult to prove the geniuses of the data.

(Bbenkelei, 2007) Inferred from his research studies treatment of SMEs sector cannot be similar as within this set difference exits. The study observed that the SME's in rural areas have negative perception for the services offered by the commercial banks than their counterparts in urban areas. Perhaps the reason behind the negative perception was observed was Small and medium enterprises in rural areas have a very poor understanding about the services provided by commercial banks and they lack in understanding the procedure of loans from commercial banks. This may lead to their poor bargaining position for interest paid, misuse and improper use of the loans, assets and the liability disclosure, and the bad readiness while applying for the business loans. The study suggested that, by improving the relationship between SMEs and commercial banks it can help in improving the access of credit to SME sector.

(Aldaba, 2012) Researcher pointed out that, manufacturing SMEs could not perform well in terms of value addition and generating employment to enhance overall country's manufacturing growth due to barriers like lack of access to credit, skills and information gaps, insufficient technology, issues with product quality and lack of promotion and marketing. The researcher evaluated the ASEAN Strategic Action Plan for Development of SMEs which specified the following major programs like enriching SMEs marketing capabilities, increasing Access to funds, providing and enhancing technology, development of human

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resources and capacity building and creative favourable environment to construct strong SMEs with the progressive work under the policy of APBSCD. The ASEAN policy of Strategic action plan blueprint which aims at SME sector development through enriching the competitiveness and flexibility in moving to the director of single market and ASEAN production base.

(Srivastava, April 2017) Research in their study focused on studying two important components of bank i.e firstly profitability and secondly Capital. The study focused on finding out the relationship between different profitability ratio and Capital Adequacy Ratio. The study found that there is a positive relationship between profitability ratio like Return of Shareholders Fund, Return on Total Assets, Dividend Payout Ratio etc with the dependent variable Capital Adequacy Ratio (CAR). The results in this study showed negative relationship between Earning per share and Capital Adequacy Ratio and very less impact of earning per share (independent variable) on Capital adequacy ratio (dependent variable)

Research Gap:

On the basis of extant literature review and analysis of various articles, research attempted to identify the research gap. It was found that very few researchers have tried to find the relationship between the variables like CAR and earning per share. It was also observed that the data in previous research studies used from year 2010. The bridge this gap researcher has attempted to find out relationship between CAR and Earning per share with the help of Co-relation and regression analysis through SPSS. Researcher included data from different annual reports of SIDBI and RBI Annual Reports from year 2005. All the secondary was compiled to understand the relationship between the identified variables for the study.

Research Design:

Research Design adopted for the current study is descriptive in nature. Data is collected from various Annual Reports and official website. The period for measuring the performance of SIDBI in various components is taken from year March, 2005 to March, 2020.

Source of Data:

In this research study secondary data is collected from various SIDBI Annual Reports , various official publications , RBI Reports like trend and progress of Banking in India, magazines etc. The collected data was organized, formulated and strutted in tables and graphs , tabulated and statistical tool was used to examine the performance in specific determinants .

Period for Study:

In order to examine the performance of SIDBI data from 2005 to 2020 was taken for study.

Statistical Tool: SPSS was used to examine the relationship and impact of variables of SIDBI Annual Reports.

Focus of the study:

This research study focuses on finding out the:

1) The performance of SIDBI on the basis of different parameters like net worth, portfolio size, net income, net profits, interest income etc

2) Use of Pearson Correlation Coefficient to find out the relationship between variables like Net Income and Net profits, Portfolio Size and Net worth , Earning per share and Capital Adequacy Ratio (CRAR)

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3) Simple Linear Regression was used to find out the impact of independent variables defined on dependent variables.

Data Analysis and Interpretation:

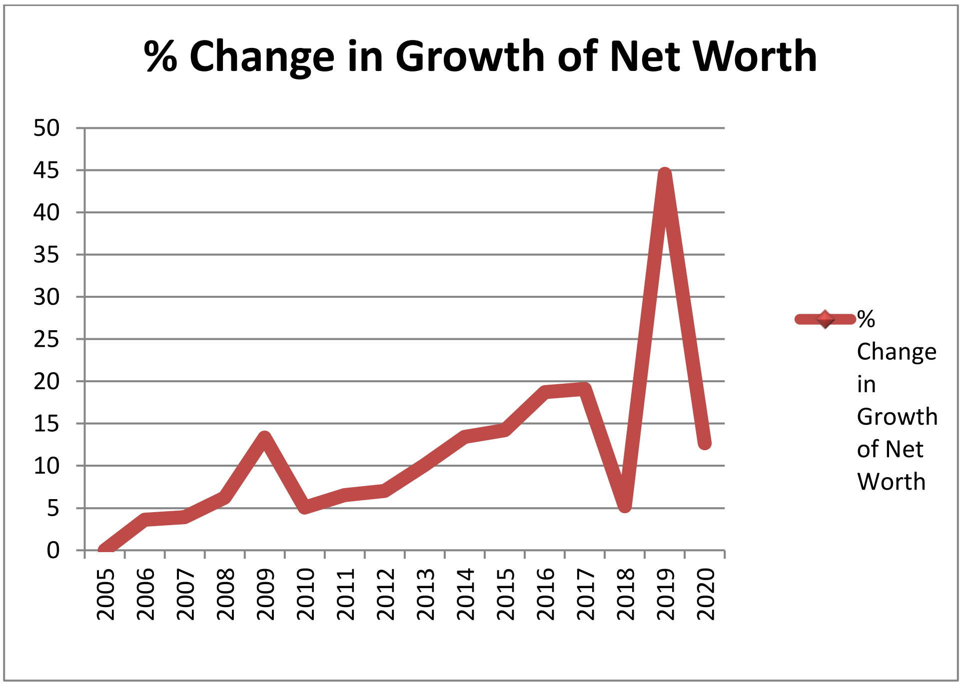
A) Performance in terms of Net Worth:

Table No: 01

Financial Year	Net worth (Rs. In crore)	% Change in Growth of Net Worth
2005	4119	-
2006	4268	3.62
2007	4436	3.94
2008	4713	6.24
2009	5342	13.35
2010	5612	5.05
2011	5979	6.54
2012	6399	7.02
2013	7046	10.11
2014	7991	13.41
2015	9126	14.20
2016	10836	18.74
2017	12905	19.09
2018	13578	5.22
2019	19631	44.58
2020	22117	12.66

Sources: SIDBI Annual Reports (Complied by Author)

Graph No-01



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Interpretation:

The above graphs depict the performance of SIDBI in terms of Percentage change in Growth of Net Worth. Net worth in simple terms means difference between total assets and total liabilities. In above table and graph it is observed that Change in percentage Growth of Net worth trend of SIDBI banks showed an increasing trend till year 2017 viz 19.09 % in 2017, in year 2018 Net worth decreased to 5.22 % change in growth from previous year i.e 19.09% change in 2017. In year 2019 net worth growth percentage again increased to 44.58%, however in year 2020 growth in net worth again dropped down by 12.66%. It was observed the Net worth showed increasing trend from year 2005 from Rs.4119 crore to Rs.22117 cr in year 2020.

B) Performance in terms of Portfolio Size:

Table No: 02

Financial Year	Portfolio size (Rs. In crore)	% Change Portfolio size (Rs. In crore)
2005	10862	
2006	13891	27.89
2007	16031	15.41
2008	20226	26.17
2009	30886	52.70
2010	37969	22.93
2011	46054	21.29
2012	53785	16.79
2013	56060	4.23
2014	61271	9.30
2015	55343	-9.68
2016	65632	18.59
2017	68290	4.05
2018	95290	39.54
2019	136230	42.96
2020	165422	21.43

Sources: SIDBI Annual Reports (Complied by Author)

Graph No-02

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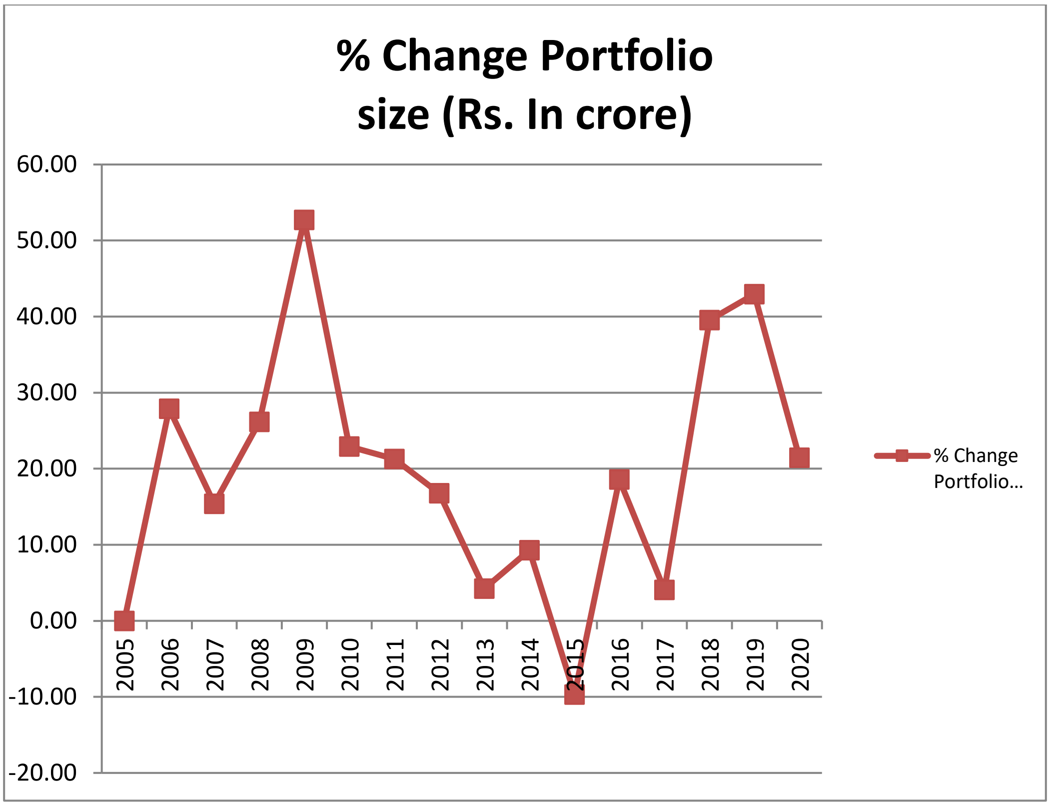

Interpretation:

The above table and graph depicts the trend of percentage change in Portfolio size of SIDBI from period 2005 to year 2020. Portfolio size indicates the composition and combination of different stocks in the banks basket of investments. In the above graphs of percentage change in portfolio size of SIDBI bank it is observed that there are fluctuations in the composition size of portfolio since 2005 to year 2020. The highest growth in percentage in Portfolio size was recorded in Financial year 2008-09.

C) Performance Relation between % Change Portfolio Size & % Change in Growth of Net Worth:

Graph No-03

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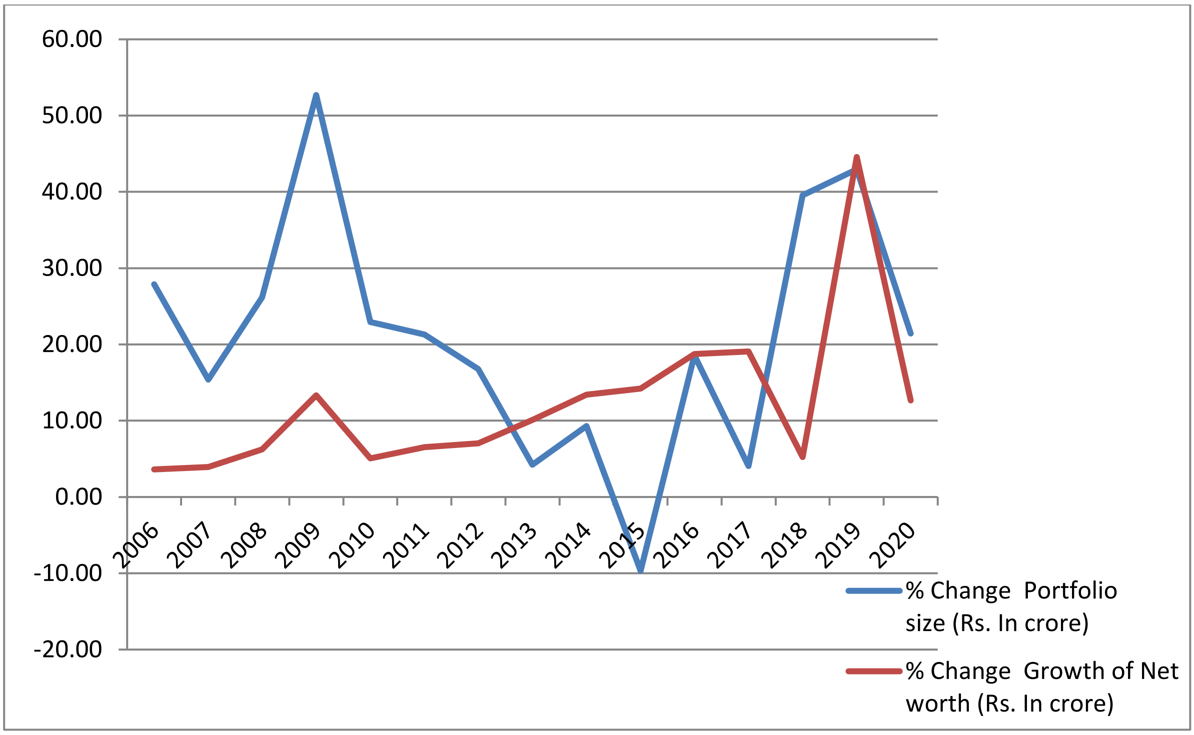

Sources: SIDBI Annual Reports (Complied by Author)

Interpretation:

The above graph reveals the trends in Portfolio size and Net worth of SIDBI for the period from 2005 to year 2020. This shows that both the variables show increasing trend for the period under study.

Testing Hypothesis:

H_1: There is significant impact of Portfolio Size and Net Worth.

a. Dependent Variable: NET WORTH

b. Predictors: PORTFOLIO SIZE

Descriptive Statistics

	Mean	Std. Deviation	N
NET WORTH	9006.1250	5511.67807	16
PORTFOLIO SIZE	58327.6250	43117.39784	16

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974[a]	.949	.945	1291.91812

a. Predictors: (Constant), PORTFOLIO SIZE

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Coefficients[a]

Model		Unstandardized Coefficient		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1743.814	554.920		3.142	.007
	PORTFOLIO SIZ	.125	.008	.974	16.094	.000

a. Dependent Variable: NET WORTH

ANOVA[a]

Model		Sum of Square	df	Mean Square	F	Sig.
1	Regression	432312193.57(	1	432312193.57(	259.017	.000[b]
	Residual	23366734.180	14	1669052.441		
	Total	455678927.7				

a. Dependent Variable: NET WORTH

b. Predictors: (Constant), PORTFOLIO SIZE

Discussion and Interpretation of SPSS output:

SPSS was used to carry out the statistical test. Dependent Variable is Net Worth and Independent Variable was Portfolio Size. With the objective to find out the relationship between the variables and test the impact of independent variable on dependent variable Correlation regression was carried out. The Mean and Standard Deviation of Net worth is shown in descriptive table which is Rs.9006.1250 Crore and 5511.67807 Crore respectively and in case of Portfolio Size Mean is Rs. 58327.6250 Crore and Standard Deviation is Rs. 43117.39784 crore respectively. Coeffeceint table and model summary shows there is a high degree of positive correlation between that is 0.974 between independent variable Portfolio Size and dependent variable i.e Net Worth.

The value resulted in R Square i.e 0.949 means 94.9% of variants in the value of Net worth i.e dependent variable is explained by Portfolio Size i.e independent variable. The study was conducted by considering 5% of Significance which means 0.05 and P Value resulted in ANOVA table is 0.000 which signifies that the it is less than 0.05 which means there is significant impact of Portfolio size on Net Worth of SIDBI.

Regression equation will be as follows:

Y= a+b*X,

Y= Net worth

X= Portfolio Size

Therefore, **Net Worth = 1743.814+.125*Portfolio Size**

D) Performance in terms of Total Income:

Table No: 03

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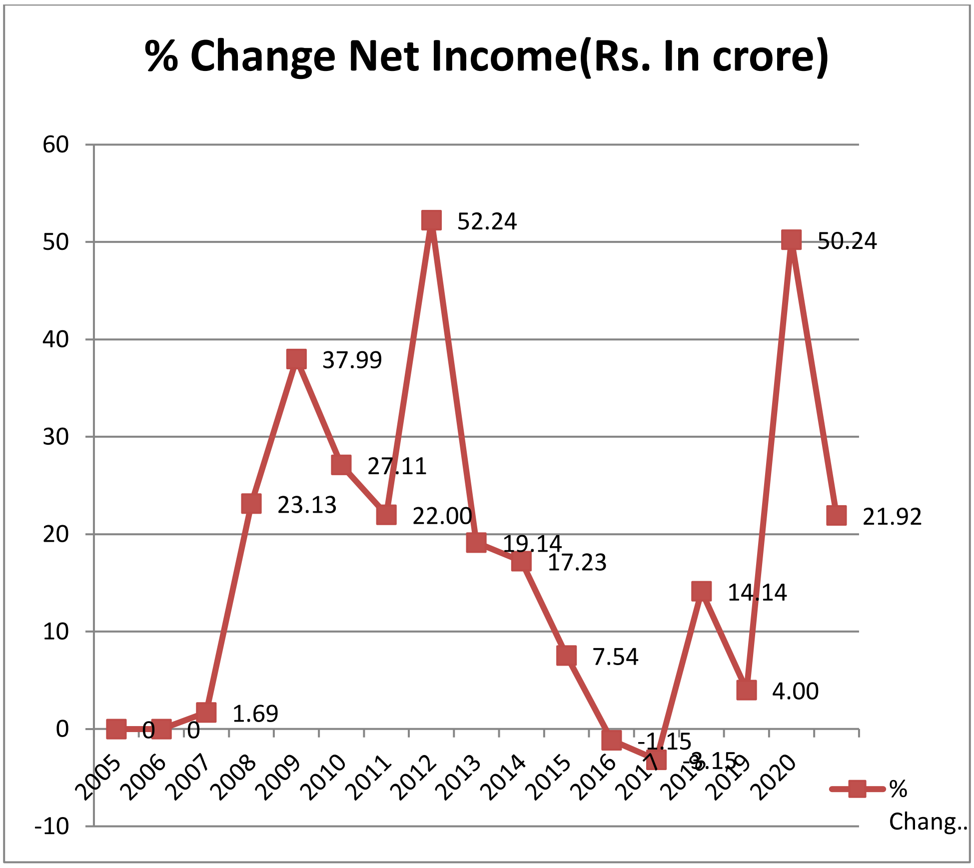
Financial Year	Total Income(Rs. I crore)	% Change Ne Income(Rs. I crore)
2005	948	-
2006	964	1.69
2007	1187	23.13
2008	1638	37.99
2009	2082	27.11
2010	2540	22.00
2011	3867	52.24
2012	4607	19.14
2013	5401	17.23
2014	5808	7.54
2015	5741	-1.15
2016	5560	-3.15
2017	6346	14.14
2018	6600	4.00
2019	9916	50.24
2020	12090	21.92

Sources: SIDBI Annual Reports (Complied by Author)

Graph No-04



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Interpretation:

The above table and graphs depicts Net Income and percentage change in Net Income from year 2005 to year 2020. It is observed that there is an increasing trend in Net Income of SIDBI for study period. It also reveals that in year 2011 Net Income reached to Rs.3867 Cr with percentage change of 52.24% as compared to previous year 2010 with Rs.2540 Cr Net Income. In year 2015 & 2016 it was observed percentage change in Net Income reduced by -1.15% and -3.15%. In year 2019 Net Income showed remarkable increase by 50.24 % to Rs.9961 Cr.

D) Performance in terms of Net Profits:

Table No: 04

Financial Year	Profits (Rs. In crore)	% Change in Profits (Rs. In crore)
2005	225	
2006	270	20
2007	298	10.37
2008	198	-33.56
2009	299	51.01
2010	421	40.80
2011	514	22.09
2012	567	10.31
2013	837	47.62
2014	1118	33.57
2015	1417	26.74
2016	1177	-16.94
2017	1120	-4.84
2018	1429	27.59
2019	1952	36.60
2020	2315	18.60

Sources: SIDBI Annual Reports (Complied by Author)

Graph No-05

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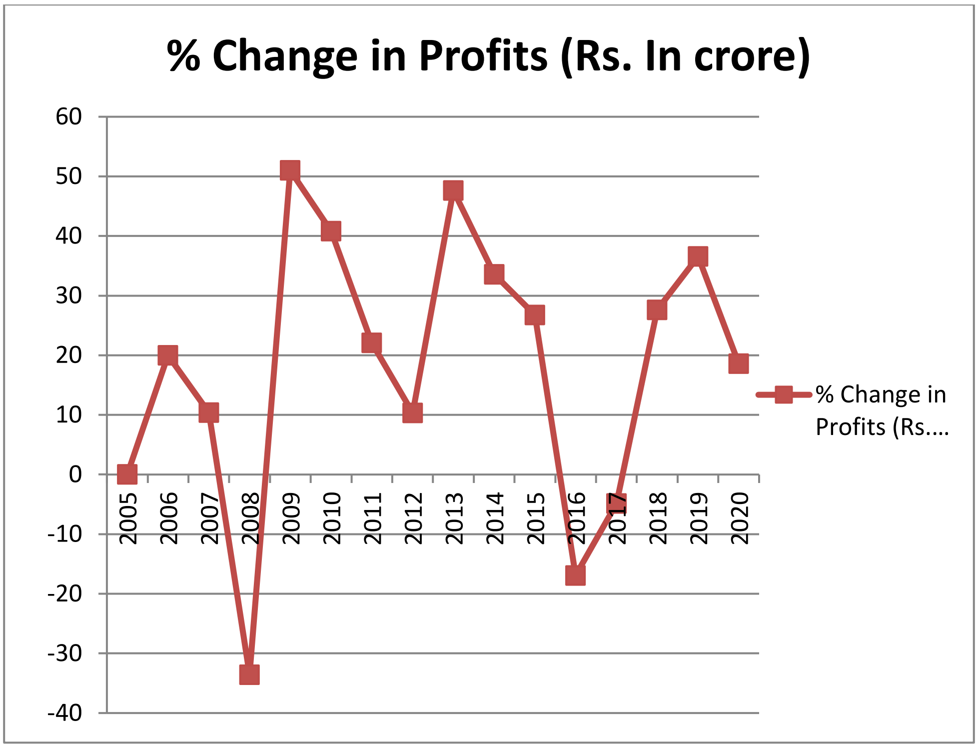

Interpretation:

The above table and graphs depicts the Net Profit earned by SIDBI for the period from 2005 to 2020. It was noticed that highest percentage increase / change in Net profit was marked in year 2013 with 47.62% Change and Rs.837 Cr Net Profits followed by year 2010 with 40.80% increase amounting to Rs.421 Cr in 2010.

E) Performance Relation between Percentage Change in Income and Percentage Change in Profits:

Graph No-06

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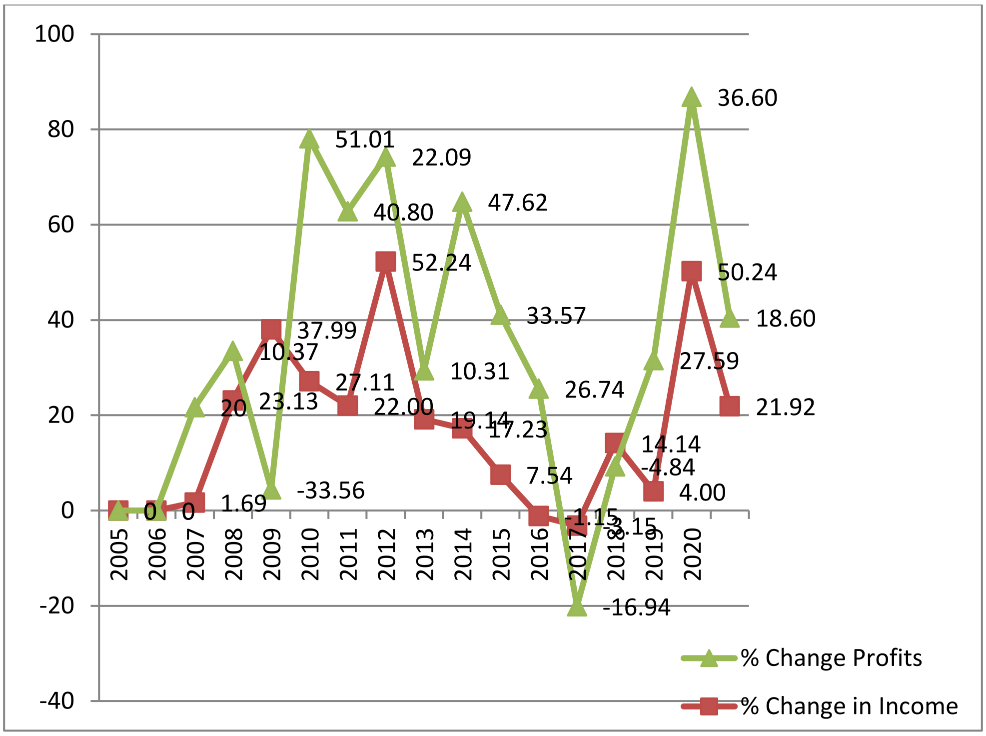

Sources: SIDBI Annual Reports (Complied by Author)

Interpretation:

The above table & graphs depicts the percentage change in profits and percentage change in Net Income of SIDBI for the period from 2005 to 2020.

Testing Hypothesis:

H_2 : There is significant impact of Profits on Total Income

a. Dependent Variable: INCOME

b. Predictors: NET PROFIT

Descriptive Statistics

	Mean	Std. Deviation	N
INCOME	4705.9375	3200.56379	16
PROFITS	884.8125	652.54632	16

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	495.002	344.686		1.436	.173
	PROFITS	4.759	.317	.970	15.012	.000

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Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of th Estimate
1	.970[a]	.942	.937	801.22342

a. Predictors: (Constant), PROFITS

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	144666703.327	1	144666703.327	225.352	.000[b]
	Residual	8987425.610	14	641958.972		
	Total	153654128.938	15			

a. Dependent Variable: INCOME

b. Predictors: (Constant), PROFITS

Discussion and Interpretation of SPSS output:

SPSS was used to carry out the statistical test. Dependent Variable is Income and Independent Variable was Profits. With the objective to find out the relationship between the variables and test the impact of independent variable on dependent variable Correlation regression was carried out.

The Mean and Standard Deviation of Net Income is shown in descriptive table which is Rs. 4705.9375 Crore and 3200.56379 Crore respectively and in case of Profits Mean is Rs. 884.8125 Crore and Standard Deviation is Rs. 652.54632 crore respectively.

Coefficient table and model summary shows there is a high degree of positive correlation between that is 0.970 suggested by R value and Adjusted R Square 0.937 suggesting the positive correlation between independent variable Net Profits and dependent variable i.e Income.

The value resulted in R Square i.e 0.942 means 94.2% of variants in the value of Income i.e dependent variable is explained by Profits i.e independent variable.

The study was conducted by considering 5% of Significance which means 0.05 and P Value resulted in ANOVA table is 0.000 which signifies that the it is less than 0.05 which means there is significant impact of Net Profits on Net Income of SIDBI for the study period.

Regression equation will be as follows:

Y= a+b*X,

Y= Income

X= Net Profits

Therefore, **Income = 495.002+4.759*Net Profits**

G) Performance in terms of NPA:

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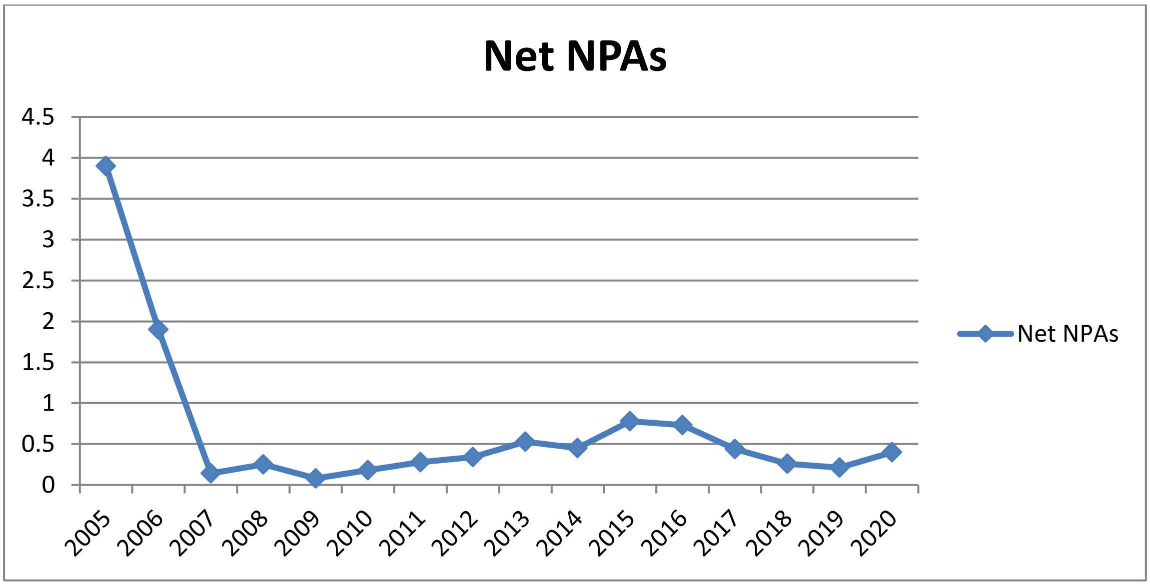
Table No: 05

Financial Year	Net NPAs
2005	3.9
2006	1.9
2007	0.14
2008	0.25
2009	0.08
2010	0.18
2011	0.28
2012	0.34
2013	0.53
2014	0.45
2015	0.78
2016	0.73
2017	0.44
2018	0.26
2019	0.21
2020	0.4

Sources: SIDBI Annual Reports (Complied by Author

Graph No-07



Interpretation:

The above table and graphs depicts the Non Performing Assets (NPA) for the period 2005 to year 2020. It is observed that there is drastic drop in NPA from 3.9 in year 2005 to 0.14 in year 2007. From year 2007 to 2020 it shows there are fluctuations in the Total NPA till year 2020 with 0.4 NPA's. It is good sign that the Net NPA are showing decreasing trend from 2015 to year 2019.

G) Performance in terms of Capital to Risk Assets ratio (CRAR):

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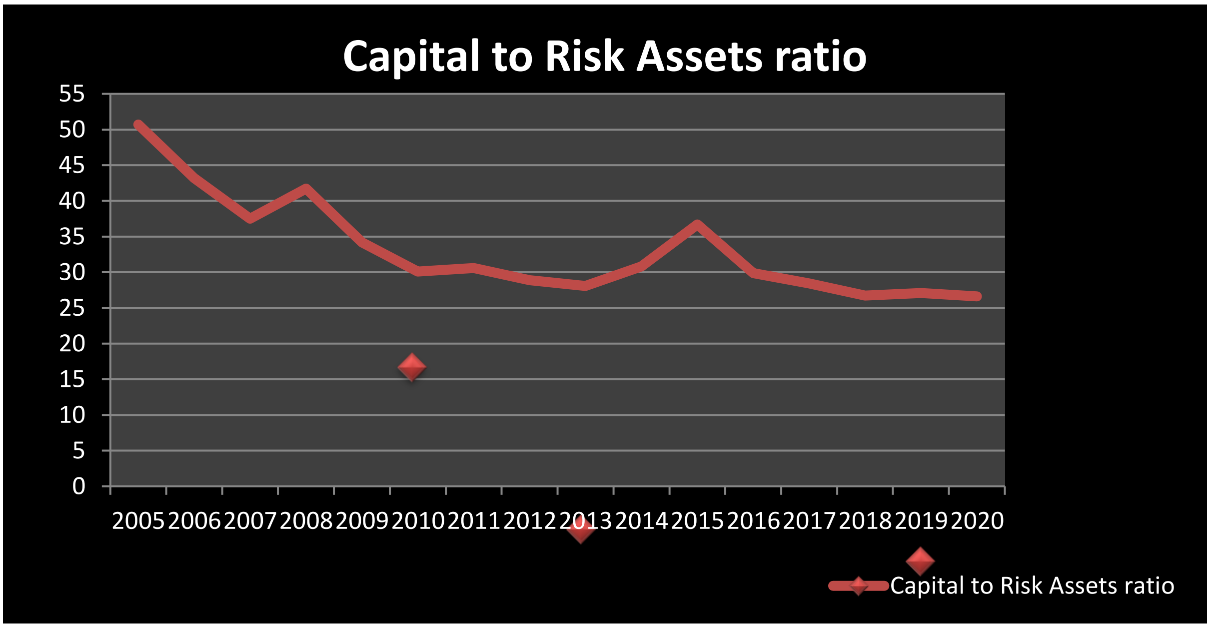
Table No: 6

Financial Year	Capital to Risk Assets ratio
2005	50.7
2006	43.2
2007	37.5
2008	41.7
2009	34.2
2010	30.1
2011	30.6
2012	28.9
2013	28.1
2014	30.8
2015	36.69
2016	29.86
2017	28.42
2018	26.73
2019	27.11
2020	26.62

Sources: SIDBI Annual Reports (Complied by Author)

Graph No-12



Interpretation:

The above table and graph shows performance of SIDBI in terms of Capital to Risk Weighted Assets Ratio (CRAR). Capital to Risk Weighted Asset ratio is calculated by following formula

CRAR= Tier 1 Capital + Tier 2 Capital

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Risk Weighted Assets

This ratio is also called as Capital Adequacy Ratio which is statutory requirement for all banks and rules regarding the minimum requirement of CAR is laid down by Basel norms III Reserve Bank of India.

The above table and graph reveals there are lot of fluctuations in the CRAR since year 2005. In year 2005 CRAR was 50 .7 which fall to 26.62 in year 2020. This ratio signifies the whether the bank has adequate or enough capital to absorb its obligations or losses prior to insolvency.

E) Performance Relation between Earning Per Share(EPS) and Capital to Risk Weighted Assets Ratio (CRAR)

Testing Hypothesis:

H_3 : There is significant impact of EPS on CRAR

a. Dependent Variable: CRAR

b. Predictors: EPS

Descriptive Statistics

	Mean	Std. Deviation	N
Capital to Risk Assets rat	31.2379	4.58173	14
Earning Per Share	20.0793	12.14405	14

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.513	2.090		16.996	.000
	Earning Per Share	-.213	.090	-.564	-2.368	.036

a. Dependent Variable: Capital to Risk Assets ratio

Model Summary

Model	R	R Square	Adjusted R Squar	Std. Error of the Estimate
1	.564[a]	.319	.262	3.93678

a. Predictors: (Constant), Earning Per Share

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.921	1	86.921	5.608	.036[b]
	Residual	185.979	12	15.498		
	Total	272.8				

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a. Dependent Variable: Capital to Risk Assets ratio
b. Predictors: (Constant), Earning Per Share

Discussion and Interpretation of SPSS output:

SPSS was used to carry out the statistical test. Dependent Variable is Capital to Risk Assets ratio (CRAR) and Independent Variable was Earning Per Share (EPS). With the objective to find out the relationship between the variables and test the impact of independent variable on dependent variable Correlation regression was carried out.

The Mean and Standard Deviation of Capital to Risk Assets ratio is shown in descriptive table which is 31.2379 and 4.58173 respectively and in case of Earning Per Share (EPS) Mean is Rs. 20.0793 and Standard Deviation is Rs. 12.14405 respectively.

Coefficient table and model summary shows there is a positive correlation between that is .564 suggested by R value and Adjusted R Square 0.262 suggesting the positive correlation though not so strong between independent variable EPS and dependent variable i.e CRAR. R square at 0.319 signifies that only 31.9 % of change in CRAR is defined by EPS. To put in other way, if there is change in 1% in EPS ratio will change the CRAR by 31.9%.

The study was conducted by considering 5% of Significance which means 0.05 and P Value resulted in ANOVA table is .036 which signifies that the it is less than 0.05 which means there is significant impact of EPS on CRAR of SIDBI for the study period.

Regression equation will be as follows:

Y= a+b*X,
Y= Capital to Risk Assets ratio (CRAR)
X= Earning Per Share (EPS)
Therefore, CRAR **= 35.513 +(-.213)*Earning Per Share (EPS)**

Researchers Findings & Observations:

- It was observed that percentage growth in Net Worth of SIDBI showed increasing trend from year 2013 to 2017 and declined in year 2018 to 5.22 %. In year 2019 it was observed that Percentage change in Net worth of SIDBI increased by 44.58 % from year 2018. The major decline was observed in year 2020 from year 2019 to 12.66%.
- In case of Portfolio Size, percentage change in growth of Portfolio size depicted increasing trend for 2018 and year 2019 by 39.54% and 42.96 % respectively. The percentage change in growth of Portfolio size declined from 42.96% in 2019 to 21.43% in year 2020.
- The statistical analysis used to find out the impact of portfolio size on Net worth resulted in P-value less than 0.05 which indicates that there is significant impact of Portfolio size on Net Worth of SIDBI.
- The Percentage change in total Income of SIDBI in year 2018 showed least percentage increase of only 4% which increase in year 2019 to 50.4%. In year 2020 again percentage growth in Total Income showed decline from 50.4% in year 2019 to 21.92 % in year 2020.
- It was observed their was negative percentage in growth of Net profits for the years 2016 and 2017 by (16.94%) and -4.84 % respectively. In year Net Profits increased by 27.59 % in year 2018 and continued to increase in year 2019 to 36.60%. Declined was observed in year 2020 from 36.60% in year 2019 to 18.60% in year 2020.

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- The statistical analysis used to find out the impact of Profits on Total Income. The analysis resulted in p-value less than 0.05 indicating there is significant impact of Net Profits on Net Income of SIDBI for the study period.
- The performance in terms of NPA showed that in year 2019 Net NPA were 0.21 which decreased to 0.4 in year 2020 indicated good NPA decline.
- In case of performance in terms of Capital to Risk Assets ratio (CRAR) studies showed that their was decreasing trend from year 2015 with 36.69 ratio to 26.62 ratio in year 2020. This ratio signifies the whether the bank has adequate or enough capital to absorb its obligations or losses prior to insolvency.
- The studies in case of analyzing the impact of EPS on CRAR revealed that P Value resulted in ANOVA table is .036 which indicates that the it is less than 0.05 which means there is significant impact of EPS on CRAR of SIDBI for the study period.

Suggestions:

Research from this research studies observed that there was major decline in performance of SIDBI in terms of net profits, total income, net worth, portfolio size in year 2020. This indicated that pandemic impacted on almost all the sectors of economy including banking sector. In order to cope up with the losses incurred due to pandemic situation SIDBI and other banking institutions should frame different schemes so that they will be able to cater and help the MSME sector who has impacted large due to lockdowns in pandemic covid-19.

Conclusion:

The present research study was an attempt to understand and examine the performance of SIDBI Small Industries Development Bank of India. The study also made an attempt to find out the relationship between portfolio size and net income , Net profits and Net Income and Capital to Risk Assets Ratio and Earning Per Share. SIDBI as an apex Institution plays vital role in growth and development of MSME sector. Banks has played significant role by supporting MSMEs with different initiatives and schemes in this pandemic situation. The performance of SIDBI reveals that the banks continues to accomplish new milestones with faster pace. The Promotional and Development schemes initiated by SIDBI like “SAMPARK, SAMWAD, SURAKSHA and SAMPRESHAN” is aligned with the goal and vision of empowering Micro, Small and Medium Enterprises so that they can be competitive in both local and global markets.

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