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AN ANALYSIS OF INDIAN PRIVATE SECTOR BANKS USING CAMEL APPROACH

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Abstract
The progression of an economy is significantly dependent upon the deployment as well as optimum utilization of resources and most importantly operational efficiency of the various sectors, of which banking sector plays a vital role. Banking sector helps in stimulation of capital formation, innovation and monetization in addition to facilitation of monetary policy. It is imperative to carefully evaluate and analyse the performance of banks to ensure a healthy financial system and an efficient economy. The present study attempts to evaluate the performance of selected Public sector banks in India using CAMEL approach for a five year period from 2017 – 21

Key words: capital adequacy, assets, earnings and liquidity

INTRODUCTION

Banking sector plays a major role in the development of an economy. The role of this sector in Indian economy is immense as the banks assist the government of India to accomplish each goal of the planned economic development of the country. Banks lend the money, generating interest that creates profit for the banks and its customers. It derives a profit from the difference between the costs (including interest payments) of attracting and servicing deposits and the income it receives through interest charged to borrowers or earned through securities.

Private sector banks are those banks in which the majority of the stake is held by the shareholders of the bank and not by the government. They provide all the banking products and services to the customers. These banks are managed and controlled by private promoters. Private banking consists of personalised financial services and products offered to the high net worth individual clients of territory bank or other financial institutions. It includes a wide range of wealth management services. Services includes investing and portfolio management, tax services, insurance and trust and estate planning.

From past few years, Indian banks have made achievements which are outstanding and has been continuously growing. Though there are changes in the banking sector still banks maintain and perform their primary role of accepting deposit and lending funds from these deposits. The banks analyse themselves on the basis of their own past performances, but to really know which bank is performing better we need to analyse banks by using some tools or techniques. The most powerful technique known for the analysis of the banks in today's time is the CAMEL Approach.

CAMEL APPROACH

CAMEL is a widely used approach for the analysis of the banks. In this context, a bank refers to an entity that primarily takes deposits and makes loans. CAMEL has five components which include: Capital Adequacy, Asset Quality, Management Efficiency, Earning Quality and Liquidity Position. An analyst uses this approach to examine a bank and assigns numerical rating/rankings. For example the rating/ranking is given for 5 banks. A rating/ranking of 1 is the best rating whereas 5 is the worst rating. The rating of 1 shows the best practices in the risk management and performance and generating the least concern for regulators. On the other hand the rating of 5 shows the weakest performance and risk management practices. Besides that, a rating of 5 generates the highest degree of regulatory concern.

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The capital adequacy is a vital requirement for banks to have adequate capital so that potential losses can be absorbed without making the bank become financially weak or insolvent. Even the quality of the assets is significant aspect to assess the degree of the financial strength of a bank. Asset quality applies to the amount of existing and potential credit risk associated with the bank's financial assets.

Management capability is another crucial constituent of the CAMEL model that guarantees the growth and endurance of a bank. Active management involves identifying and exploiting appropriate profit opportunities while managing risk. All companies earnings should be of high quality and upward trending.

Earnings are considered high quality if they are adequate, i.e. is providing a rate of return above the cost of capital as well as sustainable. Also earnings should ideally be derived from recurring sources.

In liquidity position, deposits constitute the primary component of a bank's current liabilities. In most banks, deposits are insured by the government insurers upto a certain amount, thus, liquidity is a crucial focus of regulators.

PROBLEM STATEMENT

Banking sector plays a significant role in nation building in both macro and micro. Performance evaluation of these sector depends upon many external factors which are framed on quarterly basis by RBI in their monitory policy. To control the economy in facing high inflation and supply and demand of money into the system will have significant impact on all the sectors. Any change in rate prescribed by RBI either directly or indirectly it will impact the sector either in increase or decrease on performance of this sector. A sincere attempt is made in this study to analyse the performance of banks by using CAMEL approach.

OBJECTIVES OF THE STUDY

1. To analyse the performance of those selected private banks using CAMEL Approach.
2. To give valuable suggestion on the basis of the analysis made.

LITERATURE REVIEW

1. **Mishra Ashwini Kumar, G.Sri Harsha, Shivi Anand Neil Rajesh Dhruva [October 2012],** in their paper titled **"Analysing Soundness in Indian Banking: A CAMEL Approach"** published in **Research Journal of Management Sciences**, have analysed the soundness of Indian Banking by adopting CAMEL Approach. They selected 6 of public sector banks and 6 private sector banks. They established that private sector banks are better placed and performing well than public sector banks. They have calculated the ratios and given ranks to the banks and analysed them on the basis of ranking. Their studies showed that the private sector banks perform better than the public sector banks.

2. **Dr. Geeta Sharma, Amandeep Kaur Arora [June 2016],** in their paper titled **"Study of Performance of Indian Banks: A CAMEL Model Approach"** published in **International Journal of Commerce and Management Research**, have analysed 8 public and 7 private banks for the financial period 2014-15. The paper shows the calculation of the ratios. After calculating the ratios, they were ranked according to the percentage and the banks were analysed on the basis of ranking. Their research concluded that the private sector banks are performing far better as compared to the public sector banks.

3. **S. Panboli, Kiran Birda [October 2019]**, in their study **"Camel Research of selected private and public sector banks in India"**, published in **International Journal of Innovative Technology and Exploring Engineering (IJITEE)**, in their study they have analysed 5 banks from private and 5 banks from public sector for 5 financial years starting from the year 2012-13 till 2016-17. The researchers have used various parameters of CAMEL model to analyse and examine the fiscal operations of the banks. The study shows the percentage calculations of the parameters mentioned above and the banks were given the ranks according to the percentage calculated. By considering all the parameters of the CAMEL model the researchers came up with the result that the private sector banks are better performers than the public sector banks.

4. **Mrs. V. Mouneswari, Dr. M. Rajesh, Dr. T. Narayana Reddy [October 2016]**, in their conducted study titled **"Performance Analysis of Indian Banking Sector Using CAMEL Approach"**, published in **IJABER**, have analysed 20 banks. The study was conducted for 5 financial years starting from the year 2010-11 till 2014-15 to investigate the factors that predominantly affects the profit performance of the selected public and private banks in India.

5. **Vinod Kumar, Bhawna Malhotra [July 2017]**, in their paper titled "**A CAMEL Model Analysis of Private Banks in India**", published in **EPRA International Journal of Economic and Business Review**, have analysed the performance of 5 private banks. The study is being conducted on the above mentioned banks for 10 financial years starting from 2006-07 to 2016-17. Statistical tools have been used in analysing the data of 10 years. After analysing it statistically, the banks have been ranked according to their performances. The study concluded that Axis bank has been performing the best amongst the 5 private banks mentioned above whereas IndusInd has to improve on its performance.

6. **Harsh Vineet Kaur [Feb 2010],** in his paper titled **"Analysis of Banks in India – A CAMEL Approach"**, published in the **Global Business Review, SAGE Publications**, gives the analysis of the public sector banks comprising nationalised banks, state bank of India and its associates – 28 banks; private sector banks comprising of old and new private sector bank – 26 banks; foreign banks – 28 banks. The data is being collected from the year 2000-01 to 2006-07 for the analysis of the above selected banks. The study included the comparison of the performance of the Indian and Foreign Banks. The researcher concluded that the Foreign Banks are performing better than the Indian Banks.

7. **Jaspreet Kaur, Manpreet Kaur and Dr. Simranjit Singh [2015],** in their research paper titled **"Financial Performance Analysis of Selected Public Sector Banks – CAMEL Approach"**, published in **IJABER**, have analysed 5 public sector banks nominated on the basis of Total Assets as per consolidated basis. The analysis for the above mentioned banks was made for a period of five years starting from 2010 to 2014. The conclusion of the study was that amongst the 5 banks that were analysed, Bank of Baroda is leading in all the aspects followed by PNB in Capital Adequacy, Management Efficiency and Earning Capacity and Bank of India is leading in Asset quality whereas SBI has not performed well according to the study though it holds highest amount of assets and cash reserves.

METHODOLOGY

- A random sample of 16 private banks from the Indian banking sector has been considered for the study.
- The data for the study is purely a secondary data collected from the annual reports of the selected banks for a time period of 5 years starting from the financial year 2016-17 to 2020-21 for each bank.
- The tool CAMEL Approach is taken into consideration for analysing the performance of the selected banks.

HYPOTHESIS

H_1 – There is a significant effect on performance evaluation in banks by applying CAMEL Approach.
H_0 - There is a no significant effect on performance evaluation in banks by applying CAMEL Approach.

DATA ANALYSIS TECHNIQUES

Statistical Tools:

The ratios under respective five heads are calculated and then ranked. The statistical tools used along with their purpose are enumerated below:

1. Kolmogorov – Smirnov test for checking normality in distribution.
2. F – test and one way ANOVA for analysis and interpretation

ANALYSIS OF COMPONENTS OF CAMEL APPROACH

CAPITAL ADEQUACY:

Capital Adequacy Ratio is the measurement of availability of capital in a bank, reported as percentage on a bank's risk weighted credit exposure. This measurement is done to check that the banks have sufficient amount of capital on reserves to handle certain kind of losses before being at risk of becoming insolvent.

The ratios considered under Capital Adequacy Ratio (CA1), Debt Equity Ratio (CA2), Coverage Ratio (CA3), Advances to Assets (CA4) and Government Securities to Total Investments (CA5).

Table No. 1 showing Capital Adequacy Ratios										
Bank	CA1		CA2		CA3		CA4		CA5	
	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank
Yes	15.60	10	3.17	15	113.04	2	63.51	9	74.23	12
Federal	13.92	13	0.69	8	79.11	11	66.52	4	83.75	8
ICICI	17.42	3	1.35	11	87.66	7	59.53	14	73.67	13
Axis	16.93	4	1.93	14	90.92	5	62.49	12	59.64	16
City Union	16.90	5	0.26	2	82.63	10	69.11	1	97.19	1
Kotak	18.45	2	0.67	7	85.82	8	62.54	11	81.14	9
Indusland	15.32	11	1.48	13	93.18	4	64.34	8	85.99	6
IDFC	15.83	8	3.47	16	119.68	1	51.18	16	64.78	15
RBL	15.10	12	1.45	12	90.80	6	63.32	10	77.036	11
South Indian	13.37	14	0.81	9	74.33	13	64.89	6	90.116	3
Karnataka Bank	13.10	15	0.37	5	73.63	14	64.59	7	65.16	14
Karur Vysya	15.83	9	0.30	4	78.74	12	67.64	2	87.538	4
DCB	16.88	6	0.87	10	84.09	9	66.06	5	79.356	10
Bandhan	22.18	1	0.47	6	94.66	3	67.32	3	95.182	2
J&K	11.52	16	0.29	3	68.30	15	60.85	13	87.164	5
CSB	16.52	7	0.22	1	67.12	16	58.75	15	85.208	7

From the above Table No. 1, the following interpretations were analysed:

- Capital Adequacy Ratio of Bandhan Bank stood at 1st rank followed by Kotak Mahindra Bank, ICICI at 3rd rank, Axis Bank at 4th rank and City Union Bank at 5th rank. Of the sample size, J&K Bank was at 16th rank.
- Debt Equity Ratio of CSB Bank stood at 1st rank followed by City Union Bank, J&K at 3rd rank, Karur Vysya Bank at 4th rank and Karnataka Bank at 5th rank. Of the sample size, IDFC Bank was at 16th rank.
- Coverage Ratio of CSB Bank stood at 1st rank followed by Yess Bank, Bandhan Bank at 3rd rank, IndusInd Bank at 4th rank and Axis Bank at 5th rank. Of the sample size, CSB Bank was at 16th rank.
- Advances to Assets Ratio of City Union Bank stood at 1st rank followed by Karur Vysya Bank, Bandhan at 3rd rank, Federal Bank at 4th rank and DCB Bank at 5th rank. Of the sample size, IDFC Bank was at 16th rank.
- Government Securities to Total Investments Ratio of City Union Bank stood at 1st rank followed by Bandhan Bank, South Indian Bank at 3rd rank, Karur Vysya Bank at 4th rank and J&K Bank at 5th rank. Of the sample size, Axis Bank was at 16th rank.

ASSETE QUALITY:

Asset Quality Ratios helps us to understand the level of relative risk that an asset has in a portfolio. This ratio makes an evaluation of assets to measure the credit risk which is associated with the bank's total assets and advances in it.

The ratios considered under Net NPA to Net Advances (A1), Net NPA to Total Assets (A2), Total Investment to Total Assets (A3) and Standard Advances to Total Advances (A4).

Table No. 2 showing Asset Quality Ratios								
Bank	A1		A2		A3		A4	
	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank
Yess	3	10	1.81	10	20.31	14	76.93	10
Federal	1.2	3	0.93	6	21.02	12	86.49	7

ICICI	3.2	14	1.89	11	22.23	9	83.26	8
Axis	2.2	8	1.57	9	21.07	11	74.51	13
City Union	2.2	9	1.45	8	18.55	16	98.97	2
Kotak	1	2	0.61	2	23.28	6	76.70	11
Indusland	0.8	1	0.48	1	20.64	13	79.89	9
IDFC	1.4	5	0.72	3	37.32	1	59.17	14
RBL	1.4	7	0.79	5	23.42	4	58.67	15
South Indian	3	11	2.02	13	22.37	8	95.18	5
Karnataka Bank	3	12	1.92	12	24.06	3	93.99	6
Karur Vysya	3.8	15	2.58	14	22.73	7	99.92	1
DCB	1.2	4	0.74	4	21.61	10	95.95	3
Bandhan	1.4	6	0.93	7	18.71	15	53.50	16
J&K	4.2	16	7.92	15	23.33	5	76.56	12
CSB	3	13	9.02	16	27.98	2	95.45	4

From the above Table No. 2, the following interpretations were analysed:

- Net NPA to Net Advances Ratio of IndusInd Bank stood at 1st rank followed by Kotak Mahindra Bank, Federal Bank at 3rd rank, DCB Bank at 4th rank and IDFC Bank at 5th rank. Of the sample size, J&K Bank was at 16th rank.
- Net NPA to Total Assets Ratio of IndusInd Bank stood at 1st rank followed by Kotak Mahindra Bank, IDFC at 3rd rank, DCB Bank at 4th rank and RBL Bank at 5th rank. Of the sample size, CSB Bank was at 16th rank.
- Total Investments to Total Assets Ratio of City Union Bank stood at 1st rank followed by Bandhan Bank, Yess Bank at 3rd rank, IndusInd Bank at 4th rank and Federal Bank at 5th rank. Of the sample size, IDFC Bank was at 16th rank.
- Standard Advances to Total Advances Ratio of Karur Vysya Bank stood at 1st rank followed by City Union Bank, DCB Bank at 3rd rank, CSB Bank at 4th rank and South Indian Bank at 5th rank. Of the sample size, Bandhan Bank was at 16th rank.

MANAGEMENT EFFICIENCY:

Management Efficiency Ratios are used to measure how efficient the management is in controlling their capital used for the business. It also measures how efficiently the management utilises other resources for generating revenue.

The ratios considered under Business per Employee (M1), Profit per Employee (M2), Credit Deposit Ratio (M3) and Return on Net Worth(M4).

Table No. 3 showing Management Efficiency Ratios

Bank	M1		M2		M3		M4	
	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank
Yes	16.98	2	-0.08	16	113.04	2	-9.62	16
Federal	19.56	1	0.10	6	79.11	11	9.27	6
ICICI	13.98	7	0.10	5	87.66	7	7.43	9
Axis	15.81	5	0.05	9	90.92	5	4.49	12
City Union	12.53	12	0.11	3	82.63	10	12.31	2
Kotak	8.73	13	0.11	2	85.82	8	11.53	4

Indusland	12.82	11	0.12	1	93.18	4	12.13	3
IDFC	13.66	9	0.03	13	119.68	1	-2.85	13
RBL	16.21	4	0.10	4	90.08	6	8.82	7
South Indian	16.34	3	0.03	12	74.33	13	5.05	11
Karnataka Bank	14.07	6	0.05	8	73.63	14	7.58	8
Karur Vysya	13.64	10	0.05	10	78.74	12	6.50	10
DCB	8.01	15	0.05	11	84.09	9	9.30	5
Bandhan	2.79	16	0.06	7	94.66	3	17.36	1
J&K	13.73	8	-0.03	15	68.30	15	-3.03	14
CSB	8.39	14	-0.01	14	67.12	16	-6.52	15

From the above Table No. 3, the following interpretations were analysed:

- Business per Employee Ratio of Federal Bank stood at 1st rank followed by Yess Bank, South Indian at 3rd rank, RBL Bank at 4th rank and Axis Bank at 5th rank. Of the sample size, Bandhan Bank was at 16th rank.
- Profit per Employee Ratio of IndusInd Bank stood at 1st rank followed by Kotak Mahindra Bank, City Union Bank at 3rd rank, RBL Bank at 4th rank and ICICI Bank at 5th rank. Of the sample size, Yess Bank was at 16th rank.
- Credit Deposit Ratio of IDFC Bank stood at 1st rank followed by Yess Bank, Bandhan Bank at 3rd rank, IndusInd Bank at 4th rank and Axis Bank at 5th rank. Of the sample size, CSB Bank was at 16th rank.
- Return on Net Worth Ratio of Bandhan Bank stood at 1st rank followed by City Union Bank, IndusInd Bank at 3rd rank, Kotak Mahindra Bank at 4th rank and DCB Bank at 5th rank. Of the sample size, Yess Bank was at 16th rank.

EARNING QUALITY:

Earning quality ratios measure how effectively a company is using its assets to generate revenues. It also measures the ability to manage the assets of the company.

The ratios considered under Return on Assets (E1), Net Interest Margin to Total Assets (E2), Operating Profit to Total Assets (E3) and Interest Income to Total Income (E4).

Table No. 4 showing Earning Quality Ratios

Bank	E1		E2		E3		E4	
	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank
Yes	-1.27	16	2.62	14	2.10	13	80.07	14
Federal	1.14	8	2.64	13	1.74	14	88.51	4
ICICI	1.49	5	2.89	9	1.52	15	78.69	16
Axis	0.67	11	2.82	11	2.54	10	80.37	13
City Union	1.87	4	3.47	4	2.81	9	86.53	8
Kotak	2.62	2	3.75	2	2.83	8	83.38	11
Indusland	2.05	3	3.52	3	3.23	5	79.57	15
IDFC	-0.29	14	2.69	12	0.48	16	89.76	2
RBL	1.29	7	3.27	6	3.27	4	81.39	12
South Indian	0.42	12	2.35	16	2.35	12	88.36	5
Karnataka Bank	0.89	9	2.47	15	2.47	11	83.99	10
Karur Vysya	0.78	10	3.36	5	3.36	2	85.52	9
DCB	1.30	6	3.27	7	3.27	3	89.18	3
Bandhan	4.66	1	7.25	1	7.25	1	87.40	6
J&K	-0.67	15	3.23	8	3.23	6	92.48	1

CSB	-0.25	13	2.83	10	2.83	8	86.84	7

From the above Table No. 4, the following interpretations were analysed:

- Return on Assets Ratio of Bandhan Bank stood at 1st rank followed by Kotak Mahindra Bank, IndusInd Bank at 3rd rank, City Union Bank at 4th rank and ICICI Bank at 5th rank. Of the sample size, Yess Bank was at 16th rank.
- Net Interest Margin to Total Assets Ratio of Bandhan Bank stood at 1st rank followed by Kotak Mahindra Bank, IndusInd Bank at 3rd rank, City Union Bank at 4th rank and Karur Vysya Bank at 5th rank. Of the sample size, South Indian Bank was at 16th rank.
- Operating Profit to Total Assets Ratio of Bandhan Bank stood at 1st rank followed by Karur Vysya Bank, DCB Bank at 3rd rank, RBL Bank at 4th rank and IndusInd Bank at 5th rank. Of the sample size, IDFC Bank was at 16th rank.
- Interest Income to Total Income Ratio of J&K Bank stood at 1st rank followed by IDFC Bank, DCB Bank at 3rd rank, Federal Bank at 4th rank and South Indian Bank at 5th rank. Of the sample size, ICICI Bank was at 16th rank.

LIQUIDITY:

Liquidity Ratios determine the company's ability to cover short-term obligations and cash flows. Liquidity is the ability to convert assets into cash quickly.

The ratios considered under Liquid Assets to Total Assets (L1), Government Securities to Total Assets (L2), Liquid Assets to Total Deposits (L3) and Liquid Assets to Demand Deposits (L4).

Table No. 5 showing Liquidity Position Ratio

Bank	L1		L2		L3		L4	
	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank	Avg. Ratio	Rank
Yess	11.47	5	15.20	15	19.39	2	160.66	6
Federal	8.35	10	18.59	11	9.91	11	162.66	5
ICICI	11.60	4	17.76	13	17.04	5	113.34	11
Axis	0.47	15	15.05	16	0.68	16	3.98	16
City Union	8.37	9	18.65	10	10.01	8	124.99	10
Kotak	12.69	2	21.11	4	17.40	3	100.78	12
Indusland	9.89	7	19.93	8	14.22	7	98.47	13
IDFC	11.34	6	24.02	2	28.21	1	729.37	1
RBL	12.42	3	17.97	12	15.68	6	132.44	9
South Indian	6.94	14	20.14	7	7.93	15	180.98	4
Karnataka Bank	7.16	13	19.68	9	8.24	14	132.99	8
Karur Vysya	7.72	11	20.17	6	8.86	13	91.69	14
DCB	7.70	12	17.16	14	9.92	10	142.41	7
Bandhan	56.33	1	50.67	1	17.21	4	264.00	2
J&K	8.90	8	20.30	5	9.99	9	53.08	15
CSB	8.35	10	23.29	3	9.54	12	204.00	3

From the above Table No. 5, the following interpretations were analysed:

- Liquid Assets to Total Assets Ratio of Bandhan Bank stood at 1st rank followed by Kotak Mahindra Bank, RBL Bank at 3rd rank, ICICI Bank at 4th rank and Yess Bank at 5th rank. Of the sample size, Axis Bank was at 16th rank.
- Government Securities to Total Assets Ratio of Bandhan Bank stood at 1st rank followed by IDFC Bank, CSB Bank at 3rd rank, Kotak Mahindra Bank at 4th rank and J&K Bank at 5th rank. Of the sample size, Axis Bank was at 16th rank.

- Liquid Assets to Total Deposits Ratio of IDFC Bank stood at 1st rank followed by Yess Bank, Kotak Mahindra Bank at 3rd rank, Bandhan Bank at 4th rank and ICICI Bank at 5th rank. Of the sample size, Axis Bank was at 16th rank.
- Liquid Assets to Demand Deposits Ratio of IDFC Bank stood at 1st rank followed by Bandhan Bank, CSB Bank at 3rd rank, South Indian Bank at 4th rank and Federal Bank at 5th rank. Of the sample size, Axis Bank was at 16th rank.

TEST OF NORMALITY

For testing the normality of data, the proposed hypothesis is that the population distribution is normal. For this Kolmogorov – Smirnov test has been applied and results are depicted in the following table:

TABLE 6: K – S TEST

BANK NAME	Kolmogorov - Smirnov		
	Statistic	df	Sig.
Yes	.210	5	.200
Federal	.278	5	.200
ICICI	.428	5	.054
Axis	.173	5	.200
City Union	.291	5	.200
Kotak	.247	5	.200
Indusland	.257	5	.200
IDFC	.263	5	.200
RBL	.198	5	.149
South Indian	.303	5	.200
Karnataka Bank	.194	5	.200
Karur Vysya	.226	5	.187
DCB	.151	5	.124
Bandhan	.291	5	.200
J&K	.358	5	.200
CSB	.186	5	.056

The results highlighted that all the calculated P – values are greater than chosen alpha level of 0.05 for all banks, which means data is normally distributed.

ONE WAY ANOVA

TABLE 7: One Way Anova test

	Sum of squares	df	Mean square	F	Sig.
Between groups	860.573	25	34.423	3.268	.05
Within groups	1095.624	104	10.535		
Total	1956.197	129			

For determining whether there is any significant difference between the means of CAMEL Ratios, one-way ANOVA test has been applied on the data. The results of ANOVA test highlighted the calculated significance values of F test is less than 0.05. It means there is a significant difference between the mean values of CAMEL ratios and thus, the null hypothesis is rejected.it connotes that there is a significant difference in performance of all the private sector banks as assessed by CAMEL model.

CONCLUSION

Due to radical changes in the banking sector in the recent years, the central banks all around the world have improved their supervision quality and techniques. In evaluating the function of the banks, many of the developed countries are now following uniform financial rating system (CAMEL RATING) along with other existing procedures and techniques. Various studies have been conducted in India as well on various banks using CAMEL framework. Different banks are ranked according to the ratings obtained by them on the five parameters. The results show that there is a statistically significant difference between the CAMEL ratios of all the Private Sector Banks in India, thus, significantly that the overall performance of the Private Sector Banks is different. Also, it can be concluded that the banks with least ranking need to improve their performance to come up to the desired standards.

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