

A CAMEL RATING MODEL ANALYSIS OF NATIONALIZED, PRIVATIZED AND CO-OPERATIVE BANKS IN INDIA

Ms. Dipali R. Nagaria

Account Executive

Under the Guidance of

Dr. Ashu Bhojwani

JETIR

ABSTRACT

This study aims to focus on Banking investments among individual investors are increasing and a basic CAMEL rating knowledge can help them gain better understanding about their investment on their own rather than seeking the investment agencies. It will assist the investors in understanding the current situation of the banks and their strengths and weaknesses. This helps them make precise and timely decisions towards their investment. Banking sector is one of the fastest growing sectors in India. Today's banking sector becoming more complex. Evaluating Indian banking sector is not an easy task. There are so many factors, which need to be taken care while differentiating good banks from bad ones. To evaluate the performance of banking sector we have chosen the CAMEL model which measures the performance of banks from each of the important parameter like Capital Adequacy, Assets Quality, Management Efficiency, Earning Quality and Liquidity. After deciding the model we have chosen twenty nationalized banks. According to the importance of study each parameter is given equal weights. Results shown that on an average Andhra bank was at the top most position followed by bank of Baroda and Punjab & Sindh Bank. It is also observed that Central Bank of India was at the bottom most position.

INTRODUCTION OF INDIAN BANKING

□ History of Indian Banking Industry:

In India, as early as the Vedic period, Banking is most crude form existed. The book Manu contains references regarding deposits, pledges, policy of loans and rate of interests. The banking in those days largely meant money lending. The complicated modern banking mechanisms were not known to them. During the Mogul period, the indigenous bankers played a very important role in lending money and financing Foreign Trade and Commerce. During the days of the East India Company, it was the turn of the agency houses to carry on the banking business.

After that different banks were established. Formation of and decline of Indian banks with the passages of time is as follows. 1786-The General Bank of India was first joint stock bank to be established. The others, which followed, were Bank of Hindustan and the Bengal Bank. The Bank of Hindustan is reported to have continued till 1906 while the other two failed in the meantime. In the first half of the 19th century the East India Company established three banks. The Bank of Bengal in 1809, the Bank of Bombay in 1840 and the Bank of Madras in 1843.

These three banks were amalgamated in 1920 and a new bank, the Imperial Bank of India was established on 27 January 1921. With the passing of the State Bank of India Act in 1955, the undertaking of the Imperial Bank of India was taken over by the newly constituted State Bank of India. The Reserve Bank, which is the Central Bank, was created in 1935 by passing Reserve Bank of India Act, 1934.

Originally, a shareholder's bank, it was nationalized in 1948. It is entrusted with all the powers and functions, which modern central banks have: Some of these are derived from the RBI Act, 1934. When it was passed in 1949, it was known as the Banking Companies Act as it was applicable only to joint stock banking companies. RBI had undertaken an exercise to merge weak banks to strong banks and the total number of banks thus reduced from 566 in 1951 to 85 in 1969 with the objectives of reaching out to masses and meeting the credit needs of all sections of people, the government nationalized 14 large banks in 1969 followed by another 6 banks in 1980. This period saw enormous growth in the number of branches and the banks' branch network became wide enough to reach the weakest sections of the society in a vast country like India.

□ Types of Banks

- Regional Rural Bank (RRB)
- Nationalized Bank
- State Bank Group

- Co-operative Bank
- Private Bank
- Foreign Bank

Reserve Bank of India

The Hilton-young commission, appointed in 1926 has recommended the necessity of centrally empowered institution to have effective control over currency and financial transaction in the country. Accordingly, the Government had then passed Reserve Bank of India Act, 1934 and established the Reserve Bank of India with effect from 1st April 1935. The principal aim behind this was to organize proper control over the currency management in the interest of country benefits and to maintain financial stability. With this, the RBI mainly looks after the following important functions:

- To keep effective control over creation of credits and currency supply To control the Banking transactions of Central and State Governments.
- To act as Central administered Authority of all other Banks in the country.
- To organize control over Foreign Currency Transaction.
- To assist for improvement in financial aspect of the country.

Nationalized Banks

The Banking Company Act establishes it in July 1969 by nationalization of 14 major banks of India. The sent percent ownership of the bank is of government of India.

The State Bank of India was established under the State Bank of India Act, 1955, the subsidiary banks under the State Bank of India (subsidiary Banks) Act 1959. The Reserve Bank of India owns the State Bank of India, to a large extent, and rest of the part is some private ownership in the share capital of State Bank of India. The State Bank of India owns the subsidiary Banks.

Privatized Bank

These banks are registered under Company Act, 1956. Basic difference between co-operative banks and private banks is its aim. Co-operative banks work for its member and private banks work for earn profit. These banks lead the market of Indian banking business in very short period. Because of its variety

services and approach to handle customer and also because of long working hours and speed of services.

This is also registered under the Company Act.

1956. Between old and new private sector bank, there is wide difference.

Foreign Banks

Foreign Bank means multi-countries bank. In case of India Foreign Banks are such Banks. Which open its branch office in India and their head office is outside of India.

Nationalization of Banks in India

The nationalization of banks in India took place in 1969 by Mrs. Indira Gandhi the then prime minister. It nationalized 14 banks then. These banks were mostly owned by businessmen and even managed by them. After the nationalization of banks in India, the branches of the public sector banks rose to approximately 800% in deposits and advances took a huge jump by 11,000%.

1955: Nationalization of State Bank of India.

1959: Nationalization of SBI subsidiaries.

1969: Nationalization of 14 major banks.

1980: Nationalization of seven banks with deposits over 200 crores.

Status wise Bifurcation of Banks:

They are divided into two groups:

1. Scheduled Banks
2. Non Scheduled Banks

1. Scheduled Banks:

Scheduled Banks in India constitute those banks that have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934. RBI in turn includes only those banks in this schedule, which satisfy the criteria laid down, vide section 42(6) (a) of the Act.

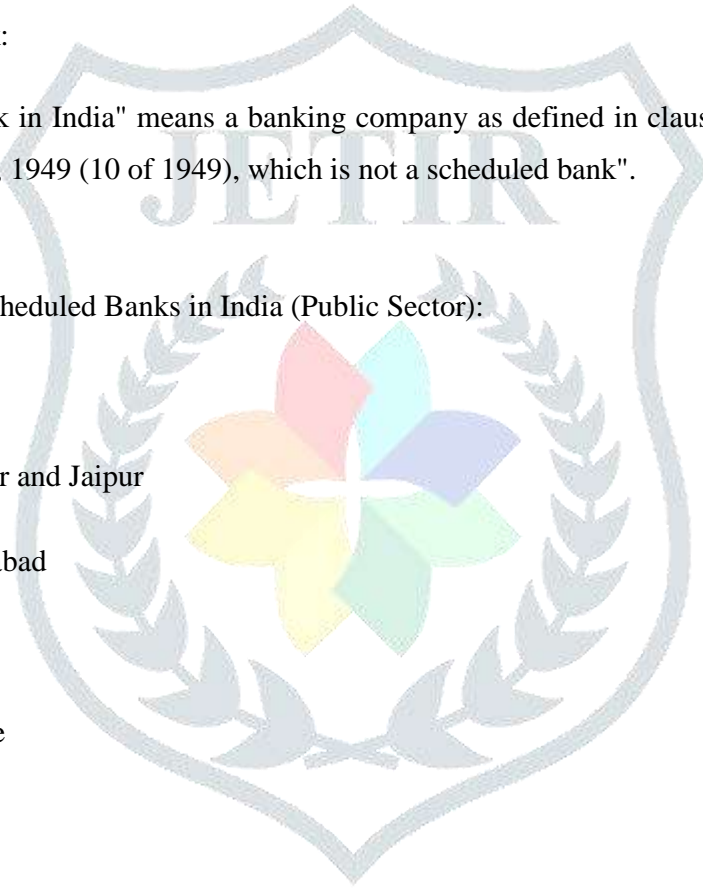
The scheduled commercial banks in India comprise of State bank of India and its associates (8), nationalized banks (19), foreign banks (45), private sector banks (32), cooperative banks and regional rural banks.

2. Non Scheduled Bank:

"Non-scheduled bank in India" means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949), which is not a scheduled bank".

The following are the Scheduled Banks in India (Public Sector):

- State Bank of India
- State Bank of Bikaner and Jaipur
- State Bank of Hyderabad
- State Bank of Indore
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Saurashtra
- State Bank of Travancore
- Andhra Bank
- Allahabad Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra Canara Bank



- Central Bank of India
- Corporation Bank
- Dena Bank
- Indian Overseas Bank
- Indian Bank
- Oriental Bank of Commerce
- Punjab National Bank
- Punjab and Sind Bank
- Syndicate Bank
- Union Bank of India
- United Bank of India
- UCO Bank
- Vijaya Bank



The following are the Scheduled Banks in India (Private Sector):

- Vysya Bank Ltd
- Axis Bank Ltd
- Indusind Bank Ltd
- ICICI Banking Corporation Bank Ltd
- Global Trust Bank Ltd
- HDFC Bank Ltd
- Centurion Bank Ltd
- Bank of Punjab Ltd
- IDBI Bank Ltd

The following are the Scheduled Co-operative Banks in India:

- Raj co-operative banks
- Andaman and Nicobar State Co-operative Bank Ltd.
- Andhra Pradesh State Co-operative Bank Ltd.
- Arunachal Pradesh State co-operative Apex Bank Ltd.
- Assam Co-operative Apex Bank Ltd.
- Bihar State Co-operative Bank Ltd.
- Chandigarh State Co-operative Bank Ltd. Chhattisgarh RajyaSahakari Bank Maryadit Delhi State Co-operative Bank Ltd.
- Goa State Co-operative Bank Ltd.
- Gujarat State Co-operative Bank Ltd.
- Haryana State Co-operative Apex Bank Ltd.
- Himachal Pradesh State Co-operative Bank Ltd.
- Jammu and Kashmir State Co-operative Bank Ltd.
- Karnataka State Co-operative Apex Bank Ltd.
- Kerala State Co-operative Bank Ltd.
- Madhya Pradesh RajyaSahakari Bank
- Maharashtra State Co-operative Bank Ltd.
- Manipur State Co-operative Bank Ltd.
- Meghalaya Co-operative Apex Bank Ltd.
- Mizoram Co-operative Apex Bank Ltd. Nagaland State Co-operative Bank Ltd.



INTRODUCTION OF NATIONALISED BANKS IN INDIA

Nationalised banks dominate the banking system in India. The history of nationalised banks in India dates back to mid-20th century, when Imperial Bank of India was nationalised (under the SBI Act of 1955) and re-christened as State Bank of India (SBI) in July 1955. Then on 19th July 1960, its seven subsidiaries were also nationalised with deposits over 200 crores. These subsidiaries of SBI were State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Indore (SBIR), State Bank of Mysore (SBM), State Bank of Patiala (SBP), State Bank of Saurashtra (SBS), and State Bank of Travancore (SBT).

However, the major nationalisation of banks happened in 1969 by the then-Prime Minister Indira Gandhi. The major objective behind nationalisation was to spread banking infrastructure in rural areas and make cheap finance available to Indian farmers. The nationalised 14 major commercial banks were Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Corporation Bank, Dena Bank, Indian Bank, Indian Overseas Bank, Oriental Bank of Commerce (OBC), Punjab and Sind Bank, Punjab National Bank (PNB), Syndicate Bank, UCO Bank, Union Bank of India, United Bank of India (UBI), and Vijaya Bank.

In the year 1980, the second phase of nationalisation of Indian banks took place, in which 7 more banks were nationalised with deposits over 200 crores. With this, the Government of India held a control over 91% of the banking industry in India. After the nationalisation of banks there was a huge jump in the deposits and advances with the banks. At present, the State Bank of India is the largest commercial bank of India and is ranked one of the top five banks worldwide. It serves 90 million customers through a network of 9,000 branches.

□ List of Public Sector Banks in India is as follows:

- Andhra Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Central Bank of India

- Corporation Bank
- Dena Bank
- State Bank of India (SBI)
- State Bank of Indore

STATE BANK OF INDIA

History



Seal of Imperial Bank of India

The roots of the State Bank of India lie in the first decade of the 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of royal charters.

These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The Presidency banks amalgamated on 27 January 1921, and the re-organised banking entity took as its name Imperial Bank of India. The Imperial Bank of India remained a joint stock company but without Government participation.

Pursuant to the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 1 July 1955, the Imperial Bank of India became the State Bank of India. In 2008, the government of India acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.



Associates of SBI This acquisition was in tune with the first Five Year Plan, which prioritised the development of rural India. The government integrated these banks into the State Bank of India system to expand its rural outreach. In 1963 SBI merged State Bank of Jaipur (est. 1943) and State Bank of Bikaner (est. 1944).

SBI has acquired local banks in rescues. The first was the Bank of Bihar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired Krishnaram Baldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja Madho Rao Scindia. The bank had been the Dukan Pichadi, a small moneylender, owned by the Maharaja. The new bank's first manager was Jall N. Broacha, a Parsi. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

There has been a proposal to merge all the associate banks into SBI to create a "mega bank" and streamline the group's operations.

The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra merged with SBI, reducing the number of associate state banks from seven to six. Then on 19 June 2009 the SBI board approved the absorption of State Bank of Indore. SBI holds 98.3% in State Bank of Indore. (Individuals who held the shares prior to its takeover by the government hold the balance of 1.7 %.)

The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Also, following the acquisition, SBI's total assets will inch very close to the ₹10 trillion marks (10 billion long scale). The total assets of SBI and the State Bank of Indore stood at ₹9,981,190 million as of March 2009. The process of merging of State Bank of Indore was completed by April 2010, and the SBI Indore branches started functioning as SBI branches on 26 August 2010.

On October 7, 2013, Arundhati Bhattacharya became the first woman to be appointed Chairperson of the bank.

Employees:

SBI is one of the largest employers in the country having 222,033 employees as on 31 March 2014, out of which there were 45,132 female employees (20%) and 2,610 (1%) employees with disabilities. On the same date, SBI had 42,744 Schedule Caste (19%) and 17,243 Schedule Tribe (8%) employees. The percentage of Officers, Assistants and Sub-staff was 36%, 46% and 18% respectively on the same date Hiring drive: 1,776 Assistants and 1,394 Officers joined the Bank in FY 2013-14, for expansion of the branch network and to mitigate staff shortage, particularly at rural and semi-urban branches. Staff productivity: As per its Annual Report for FY 2013-14, each employee contributed net profit of INR 4.85 lakhs.

INTRODUCTION OF PRIVATIZED BANKS IN INDIA

Initially all the banks in India were private banks, which were founded in the preindependence era to cater to the banking needs of the people. In 1921, three major banks i.e. Banks of Bengal, Bank of Bombay, and Bank of Madras, merged to form Imperial Bank of India. In 1935, the Reserve Bank of India (RBI) was established and it took over the central banking responsibilities from the Imperial Bank of India, transferring commercial banking functions completely to RBI. In 1955, after the declaration of first-five year plan, Imperial Bank of India was subsequently transformed into State Bank of India (SBI).

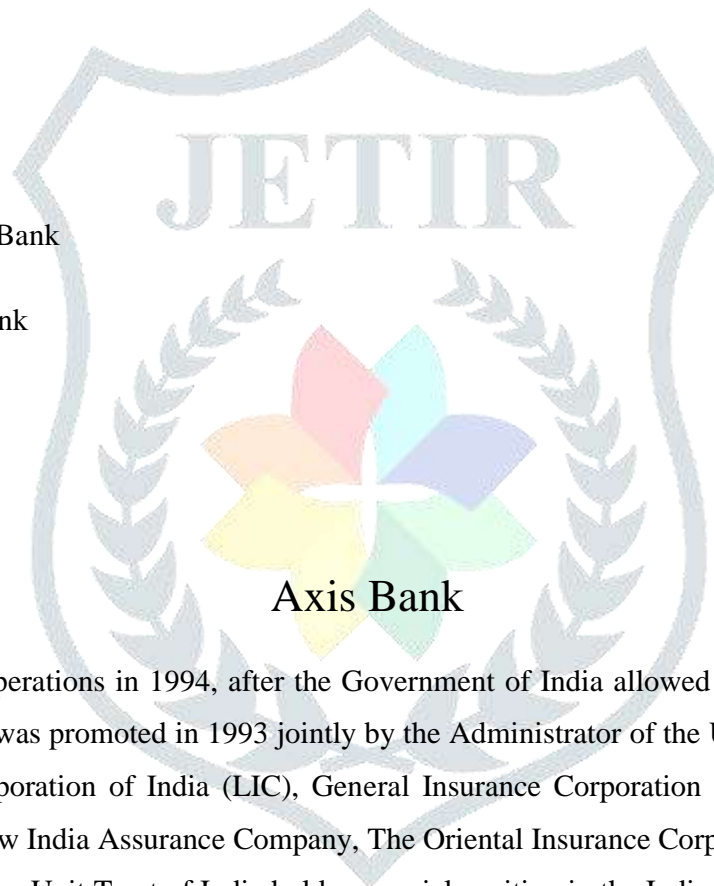
Following this, occurred the nationalization of major banks in India on 19 July 1969. The Government of India issued an ordinance and nationalized the 14 largest commercial banks of India, including Punjab National Bank (PNB), Allahabad Bank, Canara Bank, Central Bank of India, etc. Thus, public sector banks revived to take up leading role in the banking structure. In 1980, the GOI nationalized 6 more commercial banks, with control over 91% of banking business of India.

In 1994, the Reserve Bank Of India issued a policy of liberalization to license limited number of private banks, which came to be known as New Generation tech-savvy banks. Global Trust Bank was, thus, the first private bank after liberalization; it was later amalgamated with Oriental Bank of Commerce (OBC). Then Housing Development Finance Corporation Limited (HDFC) became the first (still existing) to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector

At present, Private Banks in India include leading banks like ICICI Banks, ING Vysya Bank, Jammu & Kashmir Bank, Karnataka Bank, Kotak Mahindra Bank, SBI Commercial and International Bank, etc. Undoubtedly, being tech-savvy and full of expertise, private banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to become more competitive.

Major Private Banks in India are:

- Bank of Rajasthan
- Catholic Syrian Bank
- Dhanalakshmi Bank
- Federal Bank
- HDFC Bank
- ICICI Bank
- ING Vysya Bank
- Jammu & Kashmir Bank
- Kotak Mahindra Bank
- YES Bank



Axis Bank began its operations in 1994, after the Government of India allowed new private banks to be established. The Bank was promoted in 1993 jointly by the Administrator of the Unit Trust of India (UTI-D), Life Insurance Corporation of India (LIC), General Insurance Corporation Ltd., National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and United India Insurance Company. The Unit Trust of India holds a special position in the Indian capital markets and has promoted many leading financial institutions in the country.

Axis Bank (erstwhile UTI Bank) opened its registered office in Ahmedabad and corporate office in Mumbai in December 1993. The first branch was inaugurated on 2 April 1994 in Ahmedabad by Dr. Manmohan Singh, then Finance Minister of India.

In 2001 UTI Bank agreed to merge with and amalgamate Global Trust Bank, but the Reserve Bank of India (RBI) withheld approval and nothing came of this. In 2004 the RBI put Global Trust into moratorium and supervised its merger into Oriental Bank of Commerce. UTI Bank opened its first overseas branch in 2006 Singapore. That same year it opened a representative office in Shanghai, China. UTI Bank opened a branch

in the Dubai International Financial Centre in 2007. That same year it began branch operations in Hong Kong. The next year it opened a representative office in Dubai. Axis Bank opened a branch in Colombo in October 2011, as a Licensed Commercial Bank supervised by the Central Bank of Sri Lanka. Also in 2011, Axis Bank opened representative offices in Abu Dhabi. In 2013, Axis Bank's subsidiary, Axis Bank UK commenced banking operations. Axis Bank UK has a branch in London. In 2014, Axis Bank upgraded its representative office in Shanghai to a branch.

Employees:

As on 31 March 2013, Axis Bank had 37,901 employees, out of which 7,117 employees were women (19%). The bank incurred INR 26.7 billion on employee benefits during the FY 2012-13. The average age of an Axis Bank employee is 29 years. The attrition rate in Axis Bank is approx. 9% per year.

Services

Axis Bank operates in four segments: Treasury operations, Retail banking, Corporate/Wholesale banking and other banking business.

Treasury operations: The Bank's treasury operation services include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the account, and for customers and central funding.

Retail banking: In the retail banking category, the bank offers services such as lending to individuals/small businesses subject to the orientation, product and granularity criterion, along with liability products, card services, Internet banking, automated teller machines (ATM) services, depository, financial advisory services, and Non-resident Indian (NRI) services. Axis bank is a participant in RBI's NEFT enabled participating banks list.

Corporate/wholesale banking: The Bank offers to corporate and other organisations services including corporate relationship not included under retail banking, corporate advisory services, placements and syndication, management of public issues, project appraisals, capital market related services and cash management services.

NRI services: Products and services for NRIs that facilitate investments in India.

Business banking: The Bank accepts income and other direct taxes through its 214 authorised branches at 137 locations and central excise and service taxes (including e-Payments) through 56 authorised branches at 14 locations.

Investment banking: Bank's Investment Banking business comprises activities related to Equity Capital Markets, Mergers and Acquisitions and Private Equity Advisory. The bank is a SEBI-registered Category I Merchant Banker and has been active in advising Indian companies in raising equity through IPOs, QIPs, and Rights issues etc. During the financial year ended 31 March 2012, Axis Bank undertook 9 transactions including 5 IPOs and 2 Open Offers.

Lending to small and medium enterprises: Axis Bank SME business is segmented in three groups: Small Enterprises, Medium Enterprises and Supply Chain Finance. Under the Small Business Group a subgroup for financing micro enterprises is also set up. Axis bank is the first Indian Bank having TCDC cards in 11 currencies.

Agriculture banking: 759 branches of the Bank provide banking services, including agricultural loans, to farmers. As on 31 March 2013, the Bank's outstanding loans in the agricultural sector was INR 148 billion, constituting 7.5% of its total advances.

Advisory Services have been developed to advise public and private sector clients on capital structuring and funding options with a view to help the clients to help them reduce the cost of funds. The Group has also been active in advising the central and various state governments or their agencies in privatization and bid process management. The Group has successfully worked on some of the benchmark transactions in infrastructure development & manufacturing sector covering an entire range of projects across roads, railways, airports, urban infrastructure maritime, power, oil and gas, petrochemicals, cement, sugar, textiles, steel & allied sectors, auto ancillaries, paper, Information Technology (IT), etc.

Corporate social responsibility:

Axis Bank Foundation: Axis bank has set up this trust in 2006 and supports supplementary education. Axis Bank contributes up to 1 percent of its net profit annually to various social initiatives undertaken by this foundation. During the year 2011–12, the foundation has partnered with 36 NGOs for educating over a lakh underprivileged and special kids in 13 states.

Green Banking: The recycling initiative under the Green Banking banner has helped the bank productively use around 21572 kilograms of dry waste during the year. The Axis Bank's corporate office in Mumbai is designed and constructed as a Platinum LEED-Certified Green Building.

INTRODUCTION OF CO-OPERATIVE BANKS IN INDIA

Cooperative banking is retail and commercial banking organized on a cooperative basis. Cooperative banking institutions take deposits and lend money in most parts of the world. Cooperative banking, as discussed here, includes retail banking carried out by credit unions, mutual savings banks, building societies and cooperatives, as well as commercial banking services provided by mutual organizations (such as cooperative federations) to cooperative businesses.

Larger institutions are often called cooperative banks. Some are tightly integrated federations of credit unions, though those member credit unions may not subscribe to all nine of the strict principles of the World Council of Credit Unions (WOCCU). Like credit unions, cooperative banks are owned by their customers and follow the cooperative principle of one person, one vote. Unlike credit unions, however, cooperative banks are often regulated under both banking and cooperative legislation. They provide services such as savings and loans to nonmembers as well as to members, and some participate in the wholesale markets for bonds, money and even equities. Many cooperative banks are traded on public stock markets, with the result that they are partly owned by non-members. Member control is diluted by these outside stakes, so they may be regarded as semi-cooperative.

Cooperative banking systems are also usually more integrated than credit union systems. Local branches of cooperative banks select their own boards of directors and manage their own operations, but most strategic decisions require approval from a central office. Credit unions usually retain strategic decision-making at a local level, though they share back-office functions, such as access to the global payments system, by federating.

Some cooperative banks are criticized for diluting their cooperative principles. Principles 2-4 of the "Statement on the Co-operative Identity" can be interpreted to require that members must control both the governance systems and capital of their cooperatives.

A cooperative bank that raises capital on public stock markets creates a second class of shareholders who compete with the members for control. In some circumstances, the members may lose control. This effectively means that the bank ceases to be a cooperative.

Accepting deposits from non-members may also lead to a dilution of member control.

Land development banks

The special banks providing Long Term Loans are called Land Development Banks, in the short, LDB. The history of LDB is quite old. The first LDB was started at Jhang in Punjab in 1920. This bank is also based on Co-operative. The main objective of the LDBs are to promote the development of land, agriculture and increase the agricultural production. The LDBs provide long-term finance to members directly through their branches.

Building societies

Building societies exist in Britain, Ireland and several Commonwealth countries. They are similar to credit unions in organisation, though few enforce a common bond. However, rather than promoting thrift and offering unsecured and business loans, their purpose is to provide home mortgages for members. Borrowers and depositors are society members, setting policy and appointing directors on a one-member, one-vote basis.

Building societies often provide other retail banking services, such as current accounts, credit cards and personal loans. In the United Kingdom, regulations permit up to half of their lending to be funded by debt to non-members, allowing societies to access wholesale bond and money markets to fund mortgages. The world's largest building society is Britain's Nationwide Building Society.

Others

Mutual savings banks and mutual savings and loan associations were very common in the 19th and 20th centuries, but declined in number and market share in the late 20th century, becoming globally less significant than cooperative banks, building societies and credit unions. Trustee savings banks are similar to other savings banks, but they are not cooperatives, as they are controlled by trustees, rather than their depositors.

International association

The most important international associations of cooperative banks, which is based in Paris, is the International Cooperative Banking Association (ICBA), which has member institutions from around the world, and the Brussels based European Association of Co-operative Banks.

- RAJ Co-operative Bank
- Arunachal Pradesh State co-operative Apex Bank Ltd.
- Assam Co-operative Apex Bank Ltd.
- Bihar State Co-operative Bank Ltd.
- Chandigarh State Co-operative Bank Ltd.
- Chhattisgarh RajyaSahakari Bank Maryadit.
- Delhi State Co-operative Bank Ltd.
- Goa State Co-operative Bank Ltd.

- Gujarat State Co-operative Bank Ltd.
- Rajkot Nagariksahkari Co-opertive bank Ltd.

RAJ BANK

Establishment & glorious history of the Bank

Ramnikhbai Dhami, Chief Promoter and founder of this Bank, co-operative leader and advocate by profession laid a strong foundation of bank on 24.11.1980 and today The Cooperative Bank of Rajkot Ltd. (popularly known as “RAJ BANK”) has various special characteristics added to its success portfolio.

Forged ahead successfully owing to its transparent administration and management group as also due to the efficiency and sharpness of the bank’s employees.

The bank was started in a small premises and converted into a large and most popular bank having its branch network in the entire Rajkot District ,Junagadh District and also branches in Surendranagar and Ahmadabad city . In years to come the bank will expand its business in the entire Gujarat State.

Personal Banking

The co-oprative Bank of Rajkot (Raj Bank) offers various deposit schemes that you can choose from depending on the tenure, nature of deposit and its unique saving and withdrawal features.

Apart from competitive interest rates and convenient withdrawal options, our deposit schemes offer other features such as overdraft facility, safe deposit lockers, ATM's etc.

- Current Deposit
- Saving Deposit
- Recurring Deposit
- Fixed Deposit • Vehicle Loan

Personal Loan

- Home Loan
- Gold Loan
- Loan against FD/NSC/KVP

BUSINESS BANKING SERVICES

The co-operative Bank of Rajkot (Raj Bank) offers various loan and advance product that you can choose from depending on your requirement, nature of business etc.

Apart from competitive interest rates and easy and convenient loan procedure, Bank offers other facilities such as overdraft facility, loan against FDrs ,NSC/KVP etc.

For further details please visit any branch near to you.

- Machinery Loan
- Industrial Loan
- Business Loan
- Medical Equipmet Loan
- Cash Credit
- Overdraft
- Letter of Credit



SERVICES

The co-operative Bank of Rajkot Ltd (Raj Bank) offers various type of facilities apart from normal Banking to mitigate your day to day requirement to save your cost as well as time.

We offer services like ECS , ATM ,personalizedCheque Book, E token , Inward / OutwardNEFT, RTGS etc.

For further details please visit any branch near to you

- ECS
- Personalized Cheque Book
- Demand Draft
- ATM Card

- E-Token
- Insurance
- Bill Collection
- ECMS Facilities
- NEFT/RTGS

LOCKERS

Storing too much jewellery and valuables in the house at times becomes a security issue and an impediment in case of natural calamities.

Raj Bank offers you, a safe, trustworthy space to store your valuables, jewellery, documents and other things dear to you.

Key Benefits

- » Safe deposit vaults with fully equipped, air conditioned and latest security system.
- » Available in different sizes as per your requirement.
- » These Lockers and their contents can be nominated to people near and dear to you.

Terms & Conditions

- » There are two option available for lockers.

A Rent Method

B Deposit Method

Customer can opt any of the above method at his choice . For further detail please contact nearest branch.

- » For obtaining a Locker at the Raj Bank , you must be an account holder with our Bank » Lockers can be allotted both individually as well as jointly.

Rent Method

Customer have to pay advance rent at the time of allotment of locker , and before end of the each financial year customer he has to pay advance rent for the next financial year.

- » Fail on which Bank reserve right to get penalty for non payment of advance locker rent.

Deposit Method

» A minimum Locket Deposit for different type of lockers is to be deposit along with 1 year advance rent . And such deposit will be accepted under a saving deposit under the banker's lien.

» Bank will recover locker rent as decided by the board from time to time from locker deposit interest.

» An separate passbook will be issued by the bank for locker deposit.

» For closure of locker bank will recover current year locker rent from locker deposit and remaining amount will be paid to the locker holder.

» The Locker holder is permitted to add or delete names from the list of persons who can operate the Locker and can have access to it.

» For the annual rental rates for these Lockers (To be recover from Locker Saving Deposit) .

Rates of Rentals

Annual rates and locker deposit of rentals of lockers of various sizes are as under : (Inclusive of Service Tax)

REVIEW OF LITERATURE

In the process of continuous evaluation of the bank's financial performance both in public sector and private sector, the academicians, scholars and administrators have made several studies on the CAMEL model but in different perspectives and in different periods.

1. Cole et al. (1995) conducted a study on "A CAMEL Rating's Shelf Life" and their findings suggest that, if a bank has not been examined for more than two quarters, offsite monitoring systems usually provide a more accurate indication of survivability than its CAMEL rating.

2. Godlewski (2003) tested the validity of the CAMEL rating typology for bank's default modelisation in emerging markets. He focused explicitly on using a logical model applied to a database of defaulted banks in emerging markets.
3. Said and Saucier (2003) examined the liquidity, solvency and efficiency of Japanese Banks using CAMEL rating methodology, for a representative sample of Japanese banks for the period 1993-1999, they evaluated capital adequacy, assets and management quality, earnings ability and liquidity position.
4. Prasuna (2003) analyzed the performance of Indian banks by adopting the CAMEL Model. The performance of 65 banks was studied for the period 2003-04. The author concluded that the competition was tough and consumers benefited from better services quality, innovative products and better bargains.
5. Bhayani (2006) analyzed the performance of new private sector banks through the help of the CAMEL model. Four leading private sector banks – Industrial Credit & Investment Corporation of India, Housing Development Finance Corporation, Unit Trust of India and Industrial Development Bank of India - had been taken as a sample.
6. Gupta and Kaur (2008) conducted the study with the main objective to assess the performance of Indian Private Sector Banks on the basis of Camel Model and gave rating to top five and bottom five banks. They ranked 20 old and 10 new private sector banks on the basis of CAMEL model. They considered the financial data for the period of five years i.e., from 2003-07.
7. Barr and siems (1996), tried to predict bank failure in the U.S., using the data from December 1984 to June 1987 using CAMEL model. They used financial ration representing soundness of capital, assets quality, earning and liquidity. This model increased the accuracy of the result.
8. Hirtle and Lopez (1999), carried out the research to find the adequacy of CAMEL in capturing the overall performance of the bank to find the relative weights of importance of CAMEL and lastly to inform on the best ratios to always adopt by banks regulators to evaluate efficiency.
9. Kenton Zumwalt (2002),has used a unique data set provided by bank of Indonesia to examine changing financial soundness of Indonesian banks during crises. Bank Indonesia's non-public CAMEL rating data allows the use of the continues bank soundness measure.

10. Muhammad Tanko (2008), Despite the continues use of financial ratio analysis on banks performance evaluation, by banks regulators, opposition to its skills thrive with opponents coming up with new tool capable of flagging the overall performance of Bank.

RESEARCH FRAMEWORK

During the 20th century in most of the nations, domestic banking was generally subjected to heavy regulations and financial repression. The growth and financial stability of the country depends on the financial soundness of its banking sector.

CAMEL RATING MODEL

Supervisory framework, consistent with international norms, covers risk-monitoring factors for evaluating the performance of banks. This framework involves the analyses of five groups of indicators reflecting the health of financial institutions. The indicators are as follows:

- C-CAPITAL ADEQUACY
- A-ASSET QUALITY
- M-MANAGEMENT SOUNDNESS
- E-EARNINGS & PROFITABILITY
- L-LIQUIDITY

CAMEL is basically ratio based model for evaluating the performance of banks. It is a management tool that measures capital adequacy, assets quality, and efficiency of management, earnings' quality and liquidity of financial institutions. The period for evaluating performance through CAMEL in this study ranges from 2005-06 to 2009-10, i.e., for 5 years.

The absolute data for nationalized banks, privatized bank and co-operative banks in India on capital adequacy, asset quality, management efficiency, earning quality and liquidity ratios is collected from various sources such as annual reports of the banks, Prowess, Ace Analyzer, Analyst journal and average of each ratio calculated for the period 2006-10.

CAPITAL ADEQUACY :

It is important for a bank to maintain depositors' confidence and preventing the bank from going bankrupt. It reflects the overall financial condition of banks and also the ability of management to meet the need of additional capital.

 ASSETS QUALITY:

The quality of assets is an important parameter to gauge the strength of bank. The prime motto behind measuring the assets quality is to ascertain the component of nonperforming assets as a percentage of the total assets.

 MANAGEMENT EFFICIENCY:

Management efficiency is another important element of the CAMEL Model. The ratio in this segment involves subjective analysis to measure the efficiency and effectiveness of management.

 EARNING QUALITY:

The quality of earnings is a very important criterion that determines the ability of a bank to earn consistently. It basically determines the profitability of bank and explains its sustainability and growth in earnings in future. The following ratios explain the quality of income generation.

 LIQUIDITY:

Risk of liquidity is curse to the image of bank. Bank has to take a proper care to hedge the liquidity risk; at the same time ensuring good percentage of funds are invested in high return generating securities, so that it is in a position to generate profit with provision liquidity to the depositors.

OBJECTIVES OF THE STUDY

1. To Analyzed which one Sector is performing better in terms of Capital, Assets Quality, Management Efficiency, Earning and liquidity.
2. To study marketing of banking services rendered by the co operative banks.
3. To evaluate customers satisfaction level.

4. To evaluate contribution of co-operative banks in economic development of the country.
5. To measure the various trends in the profitability of these banks.
6. To find out motivation level of employees of all banks.
7. To make suggestion for improving their efficiency.
8. To describe the CAMEL Model of rating banking institution.
9. To compare and analyze financial Ratios between nationalized and privatized bank

RESEARCH METHODOLOGY

RESEARCH PROBLEM:

This study aims to focus on Banking investments among individual investors are increasing and a basic CAMEL rating knowledge can help them gain better understanding about their investment on their own rather than seeking the investment agencies. It will assist the investors in understanding the current situation of the banks and their strengths and weaknesses. This helps them make precise and timely decisions towards their investment.

RESEARCH AREA:

My Area of research is banking Industry. I have study the data of last five years of Nationalized, Privatized and Co-operative bank in India.

DATA COLLECTION:

For my study I have use SECONDARY Sources of data for the study I have collect the data from Annual Reports of banks and my personal resources and collect the last five years Annual report and based on this calculate the CAMEL MODEL RATIO.

The secondary data have been collected from different source of collection the main source of secondary data are:

- Annual reports of the RNSB CO-OPERATIVE BANKS and SBI NATIONLIZED BANK and AXIS PRIVETIZED BANK IN INDIA.
- Reserve bank of India bulletin and annual reports published by the RBI.

- Statistical statement showing to overall working of NATIONALIZED, PRIVETIZED AND CO-OPERATIVE BANKS movement in India.
- Statistical data of the Gujarat state co-operative bank, Privet banks and Nationalized bank co-operative banks in Gujarat.-published by Gujarat state bank ltd.
- Information related to Nationalized banks, co-operative banks and Private banks movement in Gujarat . Published by the Govt. of Gujarat.
- Any other data/ information from various libraries and internet required for study.

SAMPLING UNIT/SIZE:

The five years data of Nationalized, Privatized bank and Co-operative bank of India.

Nationalized bank	Privatization Bank	Co-operative Bank
SBI BANK	AXIS BANK	RAJ BANK

SAMPLE AREA:

As my sample area the research shall be carried out in Three catagories of banking industries which is one Nationalized Bank (SBI BANK) , Privatization Bank (AXIS BANK) , Cooperative Bank (RAJ BANK).

SAMPLING METHOD:

Convenience sampling method will followed to choose the three different types of banking Industries.

STATISTICAL TOOLS ANALYSIS:

1. Capital Adequacy:

- Capital Adequacy Ratio (CAR): The capital adequacy ratio is developed to ensure that banks can absorb a reasonable level of losses occurred due to operational losses and determine the capacity of the bank in meeting the losses. As per the latest RBI norms, the banks should have a CAR of 9 per cent.

FORMULA: $CAR = \text{Capital Funds} / \text{Risk Weighted Assets} \times 100$

- Debt-Equity Ratio (D/E): This ratio indicates the degree of leverage of a bank. It indicates how much of the bank business is financed through debt and how much through equity.

FORMULA : $\text{Debt-Equity Ratio} = \text{Debt} / \text{Equity}$

- Advance to Assets Ratio (Adv/Ast): This is the ratio indicates a bank's aggressiveness in lending which ultimately results in better profitability.

FORMULA : Advances to Assets = Total Advances / Total assets.

2. Asset Quality:

- Gross NPAs to Total Assets: Gross NPAs are gross provisions on NPAs and Total Assets considered are net of revaluation reserves.

FORMULA: Gross NPAs to Total Assets = Gross NPAs / Total Assets X 100

- Total Investments to Total Assets: This ratio is used as a tool to measure the percentage of total assets locked up in investments.

FORMULA : Total Investments to Total Assets = Total Investments/Total Assets

- Percentage Change in Gross NPAs: This measure gives the movement in Gross NPAs on year-on-year basis.

- FORMULA: Percentage Change in Gross NPAs = Change in Gross NPAs / Gross NPAs at beginning X 100

3. Management Efficiency:

- Total Advances to Total Deposits (TA/TD): This ratio measures the efficiency and ability of the bank's management in converting the deposits available with the bank excluding other funds like equity capital, etc. into high earning advances.

FORMULA : Percentage Change in Gross NPAs = Change in Gross NPAs / Gross NPAs at beginning X 100

- Profit per Employee (PPE): This shows the surplus earned per employee. It is known by dividing the profit after tax earned by the bank by the total number of employees.

FORMULA : Net Profit per Employee = Net Profit / No. of Employee

- Business per Employee (BPE): Business per employee shows the productivity of human force of bank. It is used as a tool to measure the efficiency of employees of a bank in generating business for the bank.

FORMULA : Business per Employee = Total Business / No. of Employee

4. Earning Quality:

- Operating Profit to Average Working Funds (OP/AWF): This ratio indicates how much a bank can earn profit from its operations for every rupee spent in the form of working fund.

FORMULA: Operating Profit by Average Working Funds = Operating Profit / Average Working Funds X 100

- Percentage Growth in Net Profit (PAT Growth): It is the percentage change in net profit over the previous year.

FORMULA: Percentage Growth in Net Profit = Changes in Net Profit / Net Profit at Beginning X 100

- Net Profit to Average Assets (PAT/AA): This ratio measures return on assets employed or the efficiency in utilization of assets.

FORMULA: Net Profit to Average Assets = Net Profit / Average Assets

- Interest income to total income: This ratio measures the income from lending operations as a percentage of total income generated by the banks in a year. Interest income includes income on advances, interest on deposits with RBI.

FORMULA: Interest Income / Total Income = Interest Income / Total Income X

5. LIQUIDITY:

- Liquid Assets to Total Deposits (LA/TD): This ratio measures the liquidity available to the total deposits of the bank.

FORMULA : Liquid Assets / Total Deposits = Liquid Assets / Total Deposits X 100

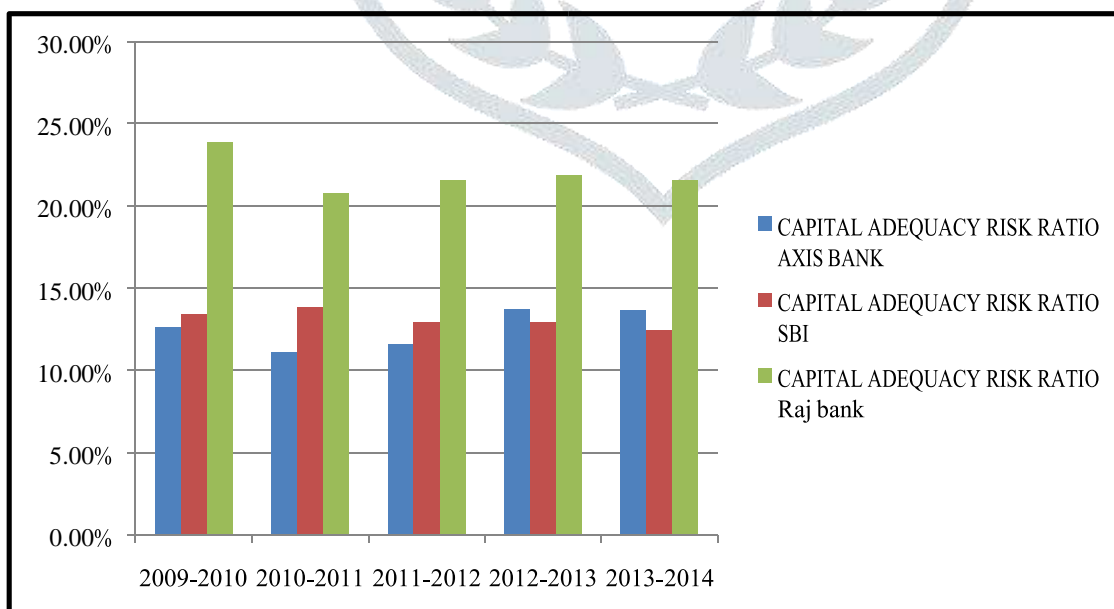
- Liquid Assets to Total Assets (LA/TA): It measures the overall liquidity position of the bank. The liquid asset includes cash in hand, balance with institutions and money at call and short notice. The total assets include the revaluation of all the assets.

FORMULA : Liquid Assets / Total Assets = Liquid Assets / Total Assets

DATA ANALYSIS AND INTERPRITATION

1. CAPITAL ADEQUACY RISK RATIO

Year	Axis bank	SBI BANK	RAJ BANK
2009-10	12.66%	13.39%	23.85%
2010-11	11.08%	13.86%	20.76%
2011-12	11.57%	12.92%	21.59%
2012-13	13.73%	12.96%	21.87%
2013-14	13.69%	12.44%	21.56%

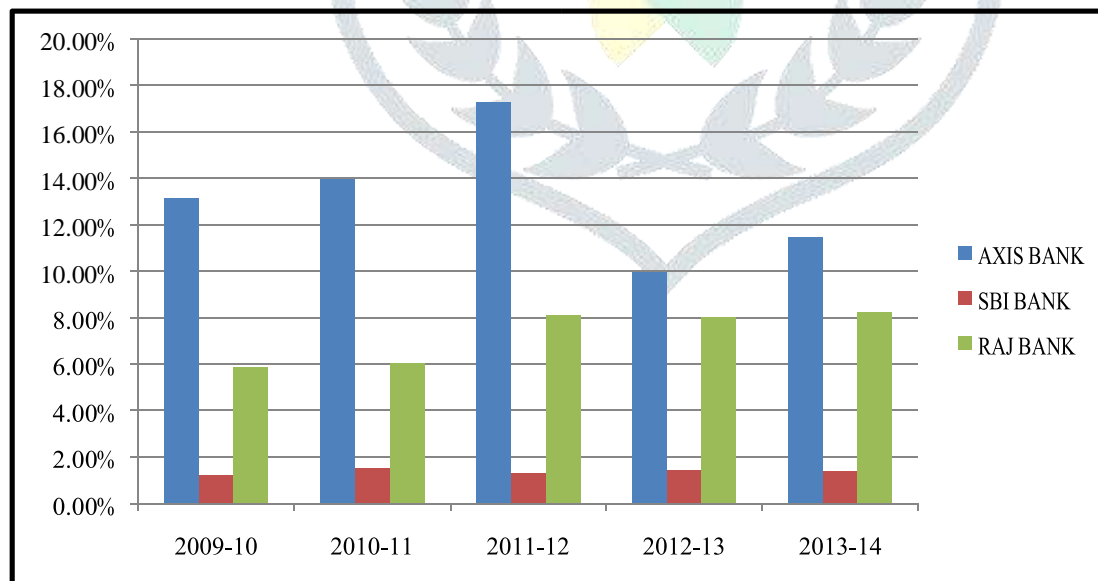


INTERPRETATION:

The minimum CAR as per RBI norms is 11.18 % at present and the average CAR Ratio is 10.67% at present and thus the CAR ratio of the bank is near about ,so it would be effective for the bank.In year 2010-11 the lowest CAR ratio is 11.08% of the AXIS bank in the same bank the highest ratio in 2012-13 is 13.73%. RAJ bank is having highest ratio among 2 banks thethe is 23.85% and in 2013-14 there is around more % change is there in CAR ratio.

□ DEBT- EQUITY RATIO

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	13.17%	1.23%	05.87%
2010-11	13.97%	1.51%	06.06%
2011-12	17.28%	1.29%	08.11%
2012-13	9.99%	1.42%	08.05%
2013-14	11.49%	1.38%	08.24%

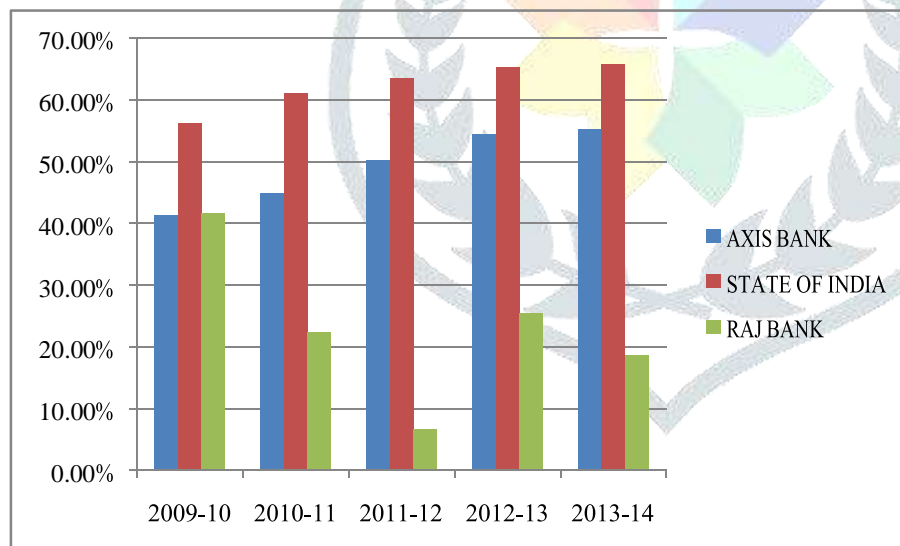


INTERPRETATION:

In year 2009-10 the lowest Debt equity ratio was 05.87% of Raj bank and in the same bank the highest ratio is 08.24%. In 2013-14 AXIS bank is having highest ratio among 2 banks, in which ratio of AXIS bank is 17.28%. In 2013-14 there is 1 or 2 % change is there in Debt equity Ratio.

□ ADVANCE TO ASSETS RATIO

YEAR	AXIS BANK	STATE OF INDIA	RAJ BANK
2009-10	41.34%	56.25%	41.71%
2010-11	44.87%	61.07%	22.44%
2011-12	50.34%	63.59%	06.62%
2012-13	54.45%	65.29%	25.52%
2013-14	55.21%	65.87%	18.61%



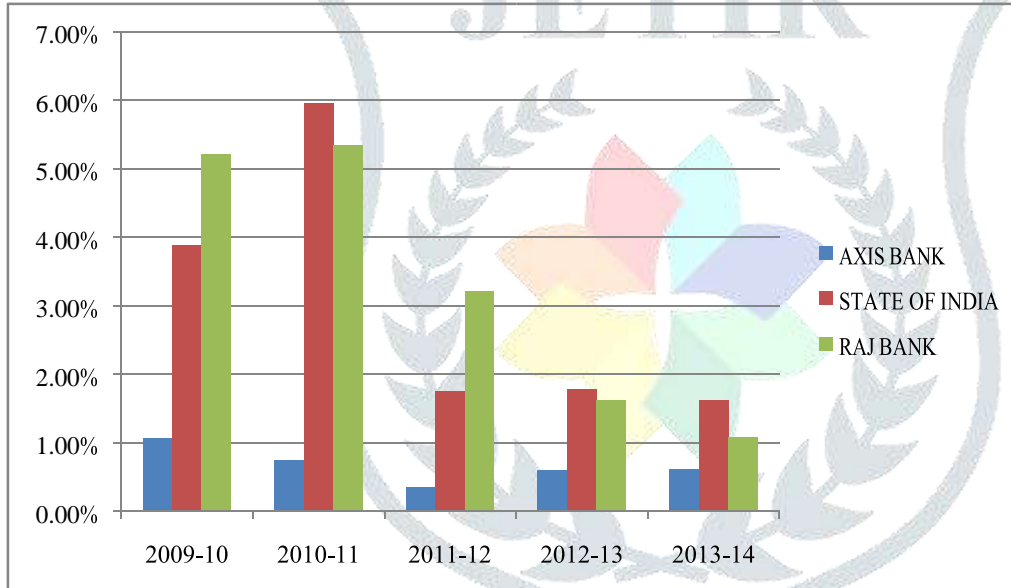
INTERPRETATION:

In year 2011-12 the lowest Advance to Asset ratio is 06.62% of Raj bank and in the same this e highest ratio is 41.71% in 2009-10. SBI bank is having highest ratio among 2 banks in which the highest ratio of SBI is 65.87% . In 2013-14 the ratios decreased by 23.1% in advance to total assets ratio of the RAJ BANK in the year 2009-10 to 2013-14.

2. ASSEST QUALITY:

□ GROSS NPA TO TOTAL ASSEST RATIO

YEAR	AXIS BANK	STATE OF INDIA	RAJ BANK
2009-10	1.07%	3.88%	5.21%
2010-11	0.75%	5.96%	5.35%
2011-12	0.36%	1.76%	03.21%
2012-13	0.6%	1.78%	01.62%
2013-14	0.61%	1.62%	01.08%

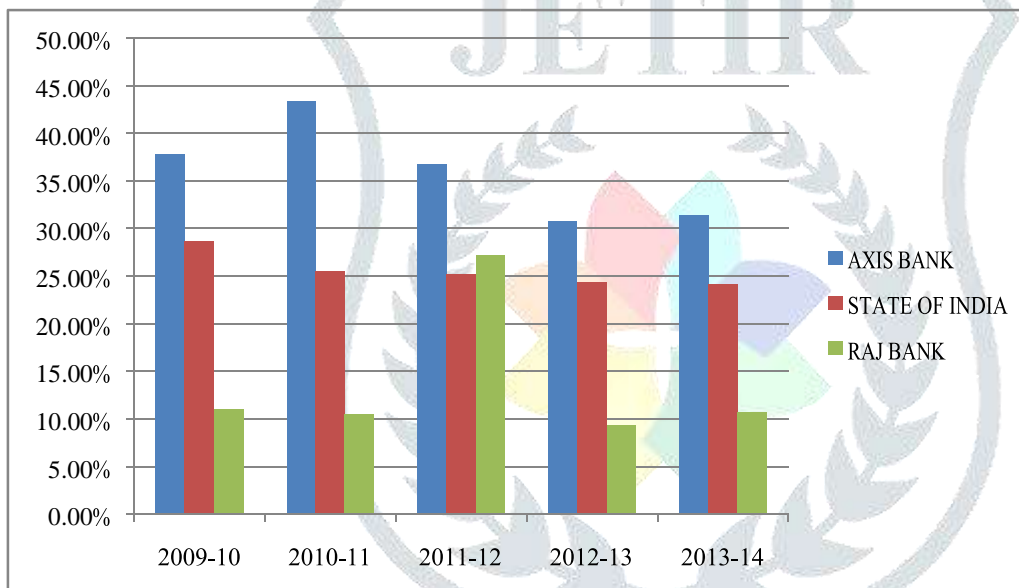


INTERPRETATION:

In year 2011-12 the lowest gross NPA to total assets ratio is 0.36% of AXIS bank and in the same bank the highest ratio is 1.07% in 2009-2010. SBI bank is having highest ratio among 2 banks, in which the highest ratio of SBI is 5.96%. In 2013-14 the gross NPA to total assets ratio of Raj bank is decrease by 4.13 % in comparison of year 2009-10.

□ TOTAL INVESTMENTS TO TOTAL ASSETS

YEAR	AXIS BANK	STATE OF INDIA	RAJ BANK
2009-10	37.82%	28.61%	10.96%
2010-11	43.29%	25.43%	10.41%
2011-12	36.72%	25.19%	27.16%
2012-13	30.76%	24.35%	9.29%
2013-14	31.36%	24.16%	10.64%

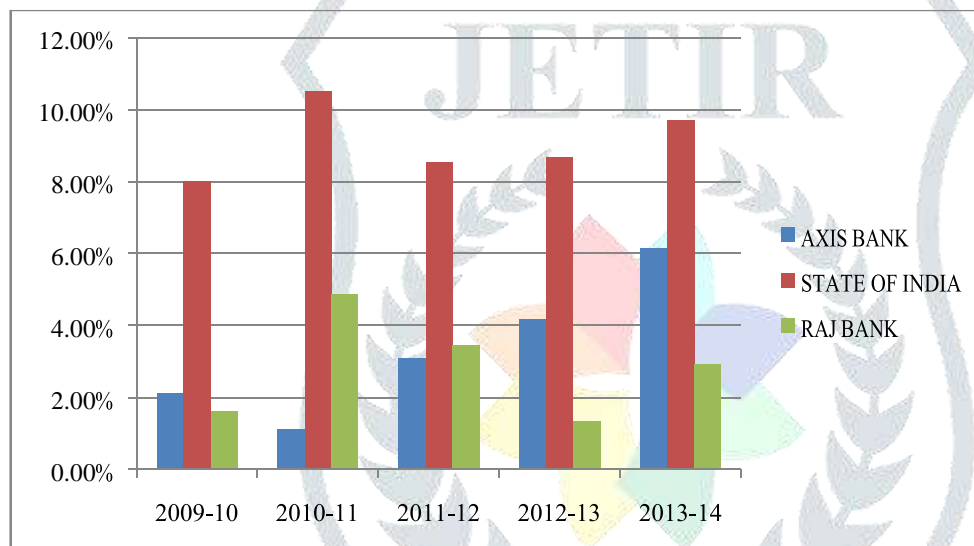


INTERPRETATION:

In year 2012-13 the lowest total investment to total assets ratio is 9.29% of Raj bank and in the same bank the highest ratio is 27.16% in 2011-12. Axis bank is having highest ratio among 2 banks, in which the ratio is 43.29%. In year 2013-14 Axis bank is having highest ratio among 2 banks the ratio is 31.36% and Raj bank is having lowest ratio among the SBI and Axis bank.

□ PERCENTAGE CHANGE IN GROSS NPAS

YEAR	AXIS BANK	STATE OF INDIA	RAJ BANK
2009-10	2.13%	8.02%	01.63%
2010-11	1.12%	10.52%	4.87%
2011-12	3.11%	8.56%	03.45%
2012-13	4.18%	8.67%	1.34%
2013-14	6.16%	9.71%	2.93%



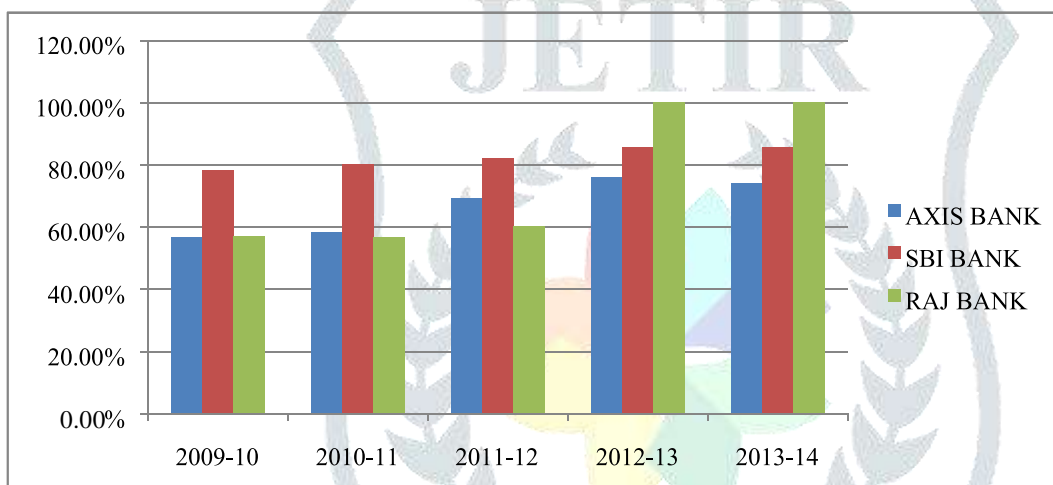
INTERPRETATION

In this ratio the lowest ratio is 1.12% of the AXIS bank and it is in the year 2010-11 the highest ratio is 9.71% of the SBI bank in the year 2013-14. In the 2009-10 to 2013-14 the SBI bank ratio is increased by 1.69% and 2013-14 the all the three bank is having the 2 to 3% changes are there in this ratios.

3. MANAGEMENT EFFICENCY RATIO:

□ TOTAL ADVANCE TO TOTAL DEPOSITE

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	56.76 %	78.34%	57.14%
2010-11	58.5 %	80.16%	56.94%
2011-12	69.07 %	82.26%	60.21%
2012-13	75.89 %	85.57%	100%
2013-14	73.87 %	85.83%	100%

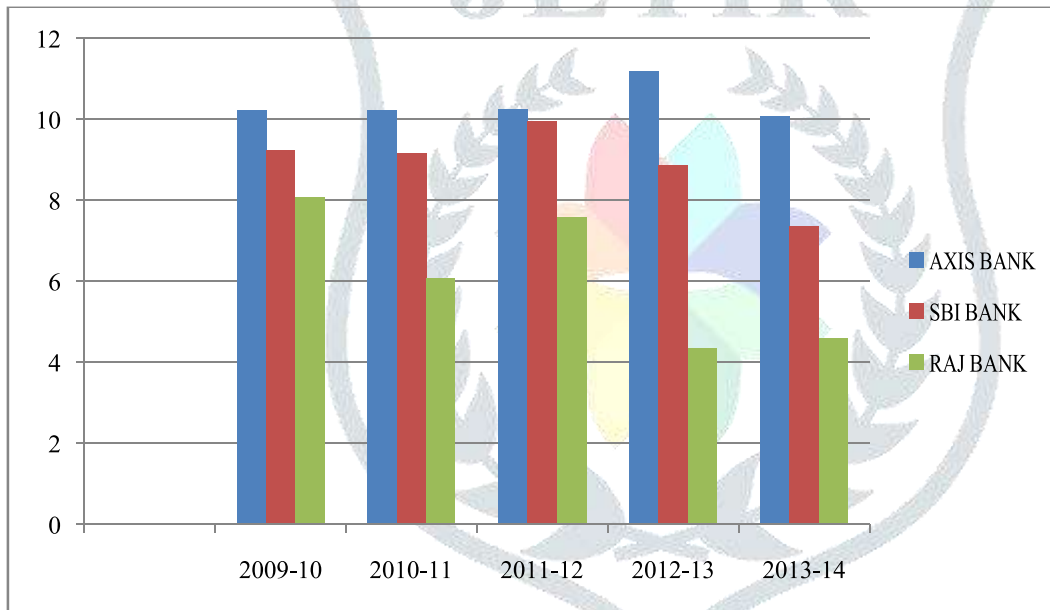


INTERPRETATION:

In the Management Efficiency Ratio the higher ratio of Total advance to Total deposited banks the Raj Bank is having the highest ratio is 100 in the year 2012-13 and 2013-14 the Total advance to Total deposited ratio is to be equal, and the lowest ratio of Total advance to Total deposited is 56.76% in the year 2009-10 for the Axis Bank. If we compare the all the three banks ratio in the year 2013-14 the highest Total advance to Total deposited is 100 of the Raj Bank and Axis Bank is having lowest ratio is 73.87%.

□ BUSINESS PER EMPLOYEE:

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	10.21	9.23	8.06
2010-11	10.2	9.14	6.07
2011-12	10.24	9.95	7.58
2012-13	11.17	8.85	4.34
2013-14	10.08	7.36	4.59

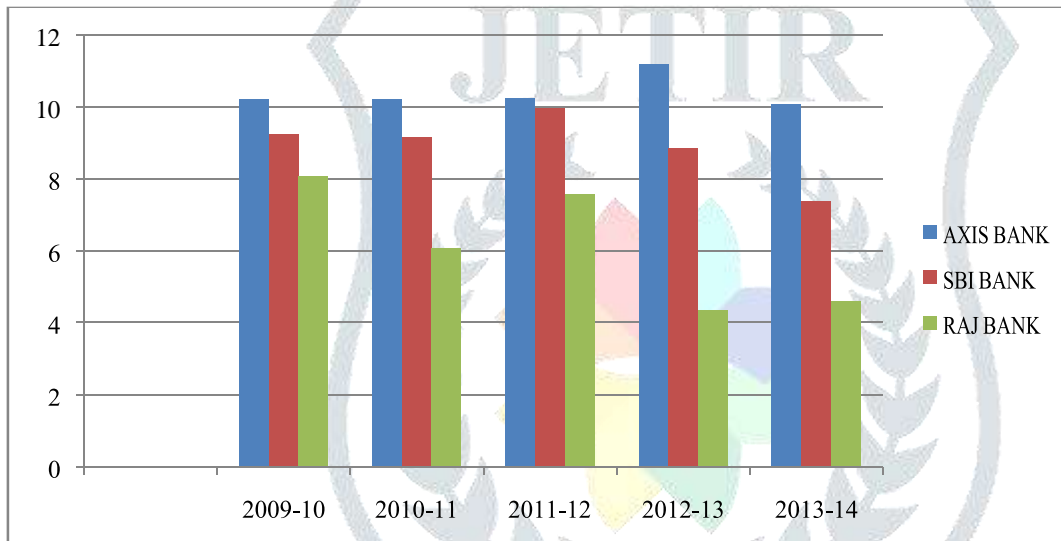


INTERPRETATION:

The business per employee ratio is lowest in the year 2010-11 of the Raj bank and the highest ratio is 11.17% in the year 2012-13 of the Axis bank. In the year 2013-14 the Raj bank is having lowest ratio is 4.59% and the Axis bank is having highest ratio 10.08% in the year 2013-14.

PROFIT PER EMPLOYEE:

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	8.02	4.43	8.8
2010-11	8.69	4.90	7.39
2011-12	7.59	7.00	6.13
2012-13	8.39	8.03	4.2
2013-14	6.45	6.53	4.26



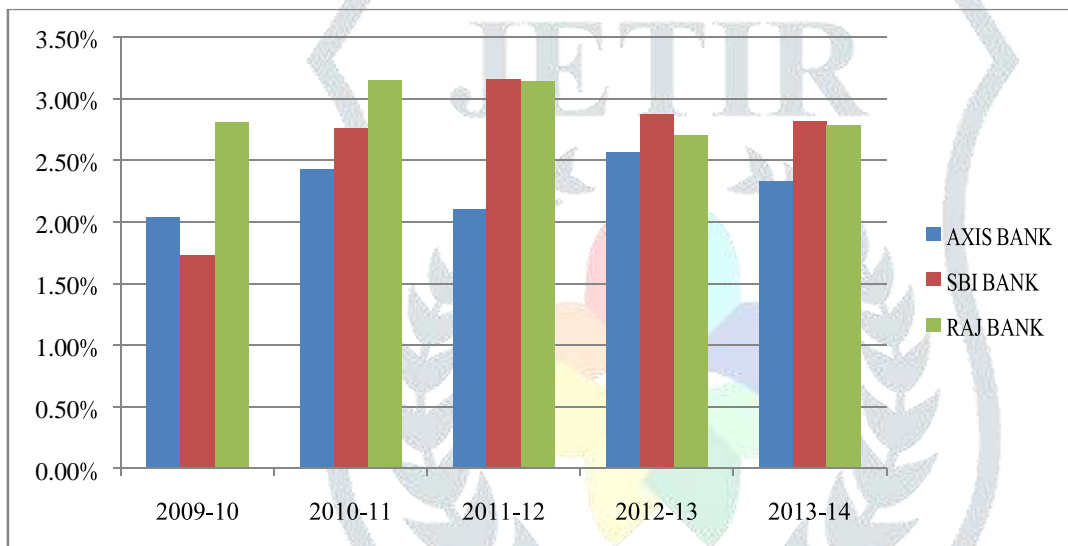
INTERPRETATION:

In the year 2012-13 the profit per employee ratio is lowest 4.2% among three banks. If we compare the ratio of this banks in the year 2009-10 to 2013-14 the Axis bank ratio is decreased by 1.57% and Raj bank ratio is decreased by 4.54% and SBI bank ratio is increased by 2.1%. It is not effective for the Raj bank and Axis bank to decrease. This ratio thus, they try to increase this ratio in the next year.

4. EARNING QUALITY:

□ OPERATING PROFIT BY AVG W.C.F.

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	2.04%	1.73%	2.81%
2010-11	2.43%	2.76%	3.15%
2011-12	2.1%	3.16%	3.14%
2012-13	2.57%	2.87%	2.70%
2013-14	2.33%	2.82%	2.78%

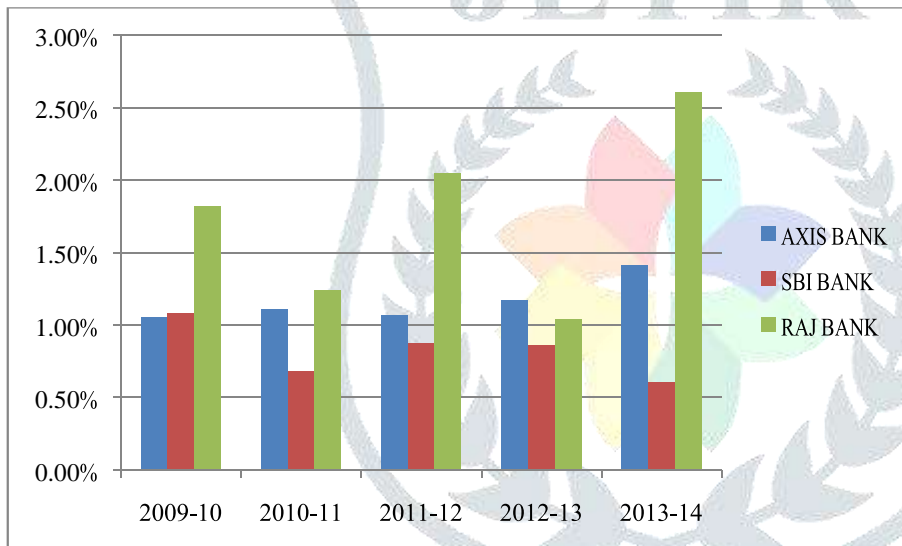


INTERPRETATION:

The operating profit by average W.C.F. ratio is almost same or between the 1% to 3.20% for the all three banks. The Axis bank and SBI bank ratio is increased in the year 2013-14 by 0.29% for Axis bank and 1.09% for the SBI bank in compare to year 2009-10. But Raj bank is having a decreasing way in year 2013-14 by 0.03% in compare to year 2009-10.

NET PROFIT TO AVG. ASSETS

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	1.05%	1.08%	1.82%
2010-11	1.11%	0.68%	1.24%
2011-12	1.07%	0.87%	2.05%
2012-13	1.17%	0.86%	1.04%
2013-14	1.41%	0.60%	2.61%

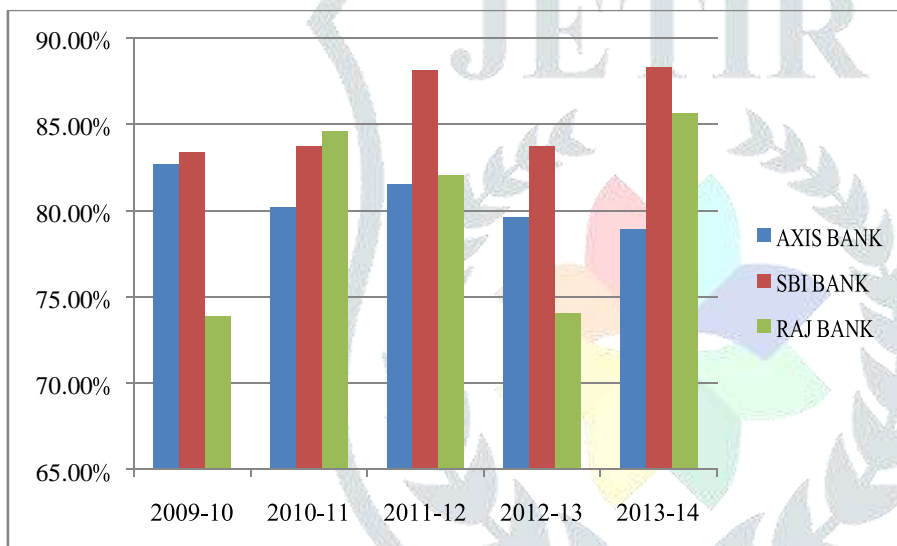


INTERPRETATION:

The raj bank is having highest ratio of the other two banks which is 2.61% in the year 201314 and the same year SBI bank is having lowest ratio in compare to the other two banks which is 0.60% . The AXIS bank is having highest ratio in the year 2013-14 compare to other 4 year which is 1.41%

INTREST INCOME TO TOTAL INCOME

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	82.66%	83.41%	73.87%
2010-11	80.19%	83.72%	84.62%
2011-12	81.54%	88.13%	82.05%
2012-13	79.6%	83.75%	74.09%
2013-14	78.9%	88.31%	85.64%

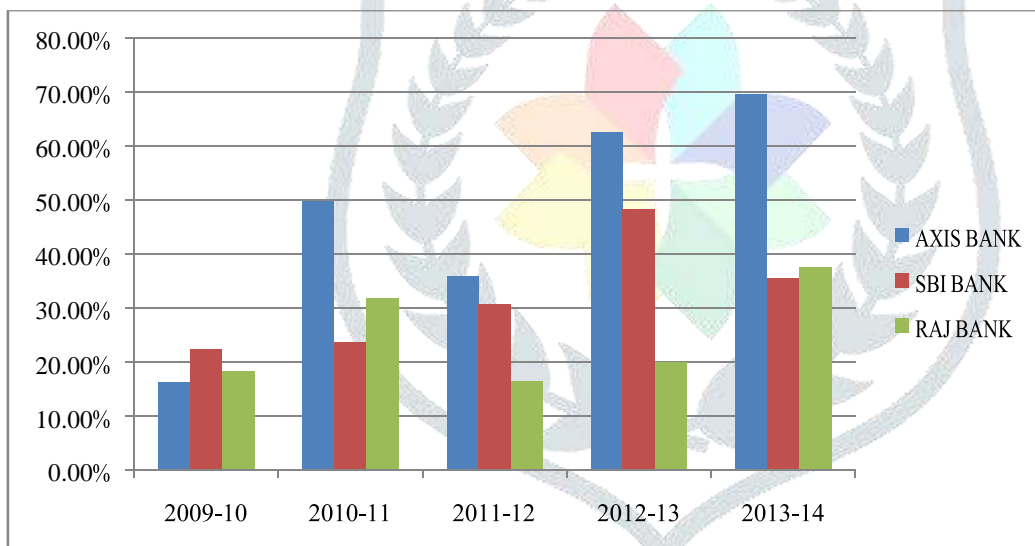


INTERPRETATION:

The interest income to total income ratio of the SBI and Axis bank is having near about 80% and up but the Raj bank is also having ratio which is near about the other two banks which is 85.63% in the year 2013-14 which increased in compare to the year 2009-10 and it is good for the banks. The highest income ratio is 88.13% in the year 2011-12 of the SBI bank.

PERCENTAGE GROWTH IN NET PROFIT:

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	16.33%	22.34%	18.33%
2010-11	49.82%	23.7%	31.78%
2011-12	35.86%	30.6%	16.40%
2012-13	62.52%	48.18%	19.95%
2013-14	69.5%	35.55%	37.62%



INTERPRETATION:

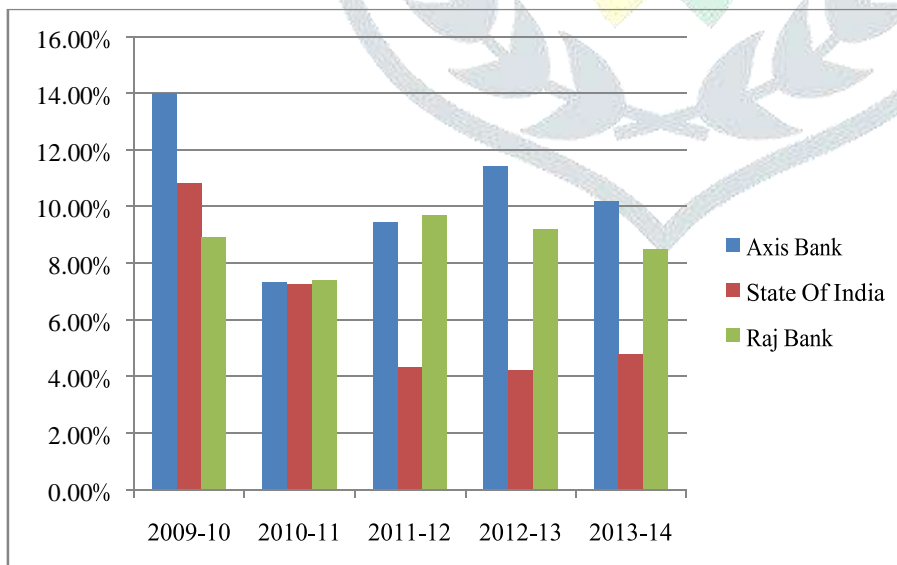
The % growth in net profit is constantly increasing of the Axis bank since 2009-10 to 2013-14 the ratio is increased by 53.17% in the same way the Raj bank ratio is increase by 21.22% since 2011-12 to 2013-14.

In the year 2009-10 the SBI bank is having lowest ratio in compare to 2013-14 and in this bank the highest ratio is 48.18% in the year 2012-13 and it is decreased by 12.63% in the year 2013-14.

5. LIQUIDITY RATIO:

□ LIQUIDITY ASSET TO TOTAL ASSET RATIO

YEAR	AXIS BANK	SBI BANK	RAJ BANK
2009-10	13.98%	10.83%	8.92%
2010-11	7.32%	7.24%	7.38%
2011-12	9.44%	4.33%	9.68%
2012-13	11.41%	4.20%	9.18%
2013-14	10.17%	4.76%	8.47%

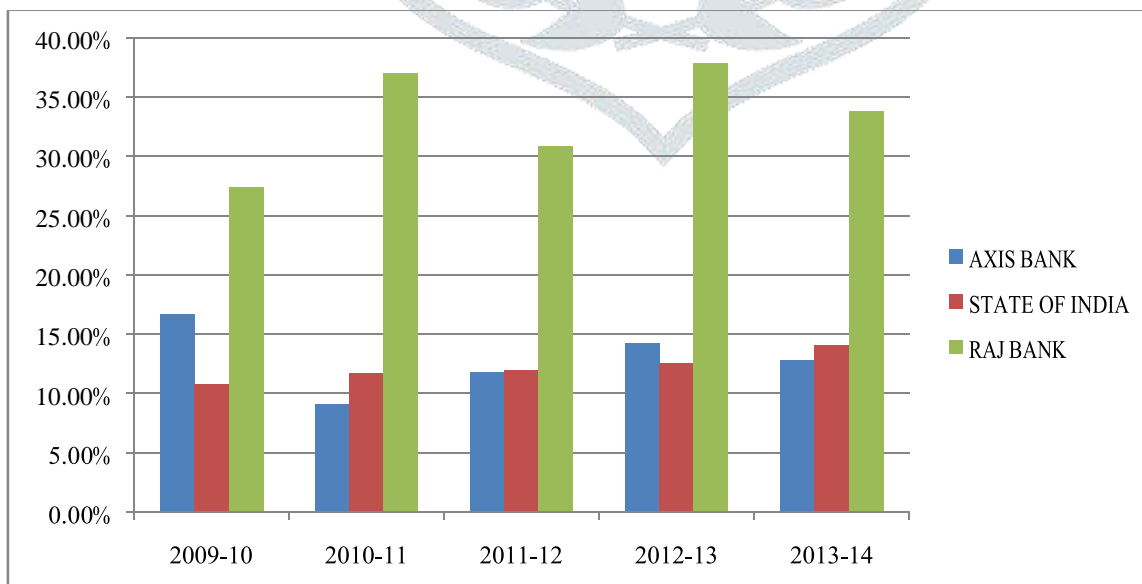


INTERPRETATION:

In year 2012-13 the lowest liquidity assest to total assest ratio is 4.20% of SBI bank and the axis bank is having highest ratio is 13.98% in year 2009-2010 of the other to banks. Raj bank is having highest ratio in year 2010-2011 is 9.68%. In 2013-14 there is decrease around 2to 4 % change is there in liquidity assest to total assest. Between Raj bank and others 2 banks having a vast difference in this ratio and the difference is around .

□ LIQUIDITY TO TOTAL DEPOSITE

YEAR	AXIS BANK	STATE OF INDIA	RAJ BANK
2009-10	16.64%	10.71%	27.41%
2010-11	9.08%	11.72%	36.98%
2011-12	11.77%	11.93%	30.84%
2012-13	14.27%	12.55%	37.77%
2013-14	12.79%	14.06%	33.76%



INTERPRETATION:

In year 2010-11 the lowest liquidity to total assets Deposit ratio is 9.08% of AXIS bank and in the same bank the highest ratio is 16.64% in 2009-2010. Raj bank is having highest ratio among 2 banks, in which the ratio is 37.77%. In 2013-14 there is decrease around 5 to 6 % change is there in liquidity to total Deposit. Between the AXIS bank and RAJ banks the difference between in this ratio by 20.97% in the year 2013-14.

COMPARISION OF AXIS, SBI AND RAJ BANK ACCORDING TO AVERAGE TO CAMEL MODEL RATIO FOR THE PERIOD OF 2009-2014

CAMEL RATIO		AXIS	SBI	RAJ
1. CAPITAL ADEQUACY	<input type="checkbox"/> CAPITAL ADEQUACY RISK RATIO			<input type="checkbox"/>
	<input type="checkbox"/> DEBT- EQUITY RATIO	<input type="checkbox"/>		
	<input type="checkbox"/> ADVANCE TO ASSETS RATIO		<input type="checkbox"/>	
2. ASSEST QUALITY	<input type="checkbox"/> GROSS NPA TO TOTAL ASSEST RATIO		<input type="checkbox"/>	
	<input type="checkbox"/> TOTAL INVESTMENTS TO TOTAL ASSETS	<input type="checkbox"/>		
	<input type="checkbox"/> PERCENTAGE CHANGE IN GROSS NPAS		<input type="checkbox"/>	
3. MANAGEMENT EFFICENCY RATIO	<input type="checkbox"/> TOTAL ADVANCE TO TOTAL DEPOSITE			<input type="checkbox"/>
	<input type="checkbox"/> BUSINESS PER EMPLOYEE	<input type="checkbox"/>		
	<input type="checkbox"/> PROFIT PER EMPLOYEE	<input type="checkbox"/>		
4. EARNING QUALITY	<input type="checkbox"/> OPERATING PROFIT BY AVG W.C.F.		<input type="checkbox"/>	
	<input type="checkbox"/> NET PROFIT TO AVG. ASSETS			<input type="checkbox"/>
	<input type="checkbox"/> INTREST INCOME TO TOTAL INCOME		<input type="checkbox"/>	
	<input type="checkbox"/> PERCENTAGE GROWTH IN NET PROFIT	<input type="checkbox"/>		

5. LIQUIDITY RATIO	<input type="checkbox"/> LIQUIDITY ASSET TO TOTAL ASSET RATIO	<input type="checkbox"/>		
	<input type="checkbox"/> LIQUIDITY TO TOTAL DEPOSITE			<input type="checkbox"/>

FINDINGS & SUGGESTION

More analysis is of no use unless some conclusion is derived from it. On the basis of ratio analysis one can get an overall idea of the profitability position of the firm. The findings revealed that the CAMEL rating is significant to banking supervision and is currently popular among regulators worldwide. Its approach is beneficial as it is an internationally standardized rating, and provides flexibility between on-site and off-site examination; hence, it is the dominant model in assessing banks' performance in all the banks.

1. Capital Adequacy:

- All Banks have always maintained the healthy and stable margin of ratios in this segment. The RAJ COOPERATIVE BANK is having highest ratio compare to other two banks , thus the AXIS bank and SBI bank try to increase their CAR RATIO.
- Although the banks are able to taps the market and went ahead with their equity offering. This inherent strength of the banks are evident in their capital structure.
- The SBI bank is having very good ratio of ADVANCE TO ASSEST RATIO in compare to other two banks and it is effective for the SBI bank. The DEBT EQUITY RATIO is highest of AXIS bank in compare to other bank .

2. Asset Quality:

- The Higher GNPA is indicative of poor credit decision-making.
- Thus AXIS bank is having lowest ratio in compare to other two banks thus the axis bank is indicative is good credit decision making, and the raj bank is indicative poor credit decision making because in the year 2009-10 and 2010-11 the ratio is higher. .
- The axis bank is having very highest total income to total assets ratio in compare to raj bank it is the good for the axis bank.

3. Management:

- From the ratio it can be observed that the management of the all Banks vary widely.
- Even though there is a decrease in gross profit per employee in some years with the increase in the employee but than also there is great combined effort of employee which has shown the effective and efficient management of all Banks.
- SBI bank is having very highest Total advance to total deposit ratio in compare to other bank thus the axis and SBI bank have try to improve the management efficiency ratio because it shows the effective management of the banks.
- In the management efficiency ratio the profit per employee ratio and business per employee ratio is affect to the banking management system. .
- This variable, which includes a variety of expenses, such as payroll, workers compensation and training investment, reflects the management policy stance.

4. Earning Quality:

- All Banks have increased their investment in total SLR and Non-SLR as per RBI norms.
- This also shows that effective utilization of investment is their, as their investment is in risk free securities which help them to concentrate over their lending. It is also measures the return on assets is affect to the earning quality of the bank.
- It includes the Operating profit to average working fund , net profit to average assets and also a interest income to total income and these all ratio is higher is more affect to the bank because it shows the higher EARNING QUALITY of the firm.

5. Liquidity:

- Liquidity shows the ability of the firm to meet its current obligation when they become due for payment.
- The liquidity position of all Banks are too strong to meet their obligations.
- All Banks have efficiently maintained their liquidity position for last few years.
- Here we have calculate and compare the Liquid assets to total assets ratio and Liquid assets to total deposit ratio and in this the total deposit ratio is highest of RAJ bank in the year 2011 to 2014.
- And the liquid assets to total assets ratio is almost the same of the three banks which near about 10% and more or less.

Perhaps, more important is the innovative spirit of all Banks that turns challenges into opportunities over the last few years of their performance. These gives the competent and willingness to scale the new height in the years to come.

CONCLUSION

As this bank are increasingly seeking for the co-operation of international investors, following the CAMEL rating system as an international standard would add a great support to ease such co-operation. The banks are advised to equip their staffs with comprehensive knowledge about CAMEL rating to guide the bank growth rate in a positive direction such as enhancing the capital adequacy, improving asset quality and management, gaining earnings and strengthening liquidity. Equally important, banks always play the most important role in protecting themselves from unfavorable incidents but bank regulators still have their vital responsibilities. Therefore, maintaining the strong bond between banks and bank supervisors is necessary.

Banking investments among individual investors are increasing and a basic CAMEL rating knowledge can help them gain better understanding about their investment on their own rather than seeking the investment agencies. It will assist the investors in understanding the current situation of the banks and their strengths and weaknesses. This helps them make precise and timely decisions towards their investment.

Bank supervision has been increasingly concerned due to significant loan losses and bank failures from the 1980s till now. Added to the fact that the financial market has changed dramatically over years, it is in need of the thorough bank examination 39 including on-site and off-site examination, of which the CAMEL rating model plays a crucial role in the supervisory process.

BIBLIOGRAPHY

The following books become very useful to me for acquiring knowledge regarding various topics relating to the preparation of my project work both comprehensive & precise.

Sr. No.	Name of the Book	Publication	Name of the Author
1	Cost Accounting & Financial Management	Taxmann's	Ravi M. Kishore
2	Research Methodology	WishwaPrakashan	C.R.Kothari

Web Site:

1. www.statebankofindia.com
2. www.rajbank.com
3. www.axisbank.com

