



A COMARATIVE STUDY ON FINANICIAL PERFORMANCE OF BANK OF MAHARASHTRA AND KARUR VYSYA BANK USING

CAMEL MODEL

RESEARCHERS

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ABSTRACT

Banking sector plays a important role in economic development and financial growth of a Country. The main objective of this study is to compare the financial performance of the Bank Of Maharashtra and Karur Vysya Bank using CAMEL MODEL. The data analysis CAMEL MODEL are to be used for the comparative study of the financial performance of the Bank of Maharashtra and Karur Vysya Bank. The study apprise the financial position of the both banks.

KEYWORDS: CAMEL model, Capital adequacy, Asset Quality, Management ,Earning and Liquidity.

INTRODUCTION

The purpose of banking systems is to give security and confidence to the economy. A banking system operates in line with managing the flow of money between people and businesses. The functions of a bank are mentioned below: Accepting withdrawals and deposits. A bank is an financial institution which deals with money and credit. It accepts deposits from public , makes the funds available to those who need them , and helps in the remittance of money from one place to another place..

HISTROY OF BANKS

BANK OF MAHARASHTRA has a long history of commercial activity since ages because of its strategic location in Indian subcontinent and its large natural resources. The bank was founded by V.G Kale and D.K. Sathe in Pune ,India. The was registered on 16 September 1935 with an authorized capital of US\$1 Million and become nationalised operational on 8 February 1936. It provided financial assistance to small business and gave was in 1969.A.S Rajeev assumed charge as Managing Director

and CEO of the bank on 2 December 2021. Allen C Pereira, Former Chairman of Bank of Maharashtra was responsible for having opened several branches of the branch in the North East Zones of India where the bank had no presence and scaling up.

KARUR VYSYA BANK Commercial banking in India can boast of a history of about 200 years. Through one could trace the history of banking back to the 19th Century, the beginning of the last saw the birth of many in India, One such bank is Karur Vysya Bank was set up in karur in 1916 by two great visionaries and illustrious sons of karur, the late shri M A Venkatarama chettiar and the late shri Krishna chattier to provide financial support to the traders and agriculturists in and around karur. The Karur Vysya Bank limited, is popularly known as KVB. Though the bank started with a seed capital of rs.1lakh , as with most banks, the seed capital has grown, as have the services sold. The bank is managed and guided by the Board of Directors drawn from different fields. The bank was celebrated its Centenary celebrations on 10 September 2016 at Chennai with the then President of India Shri . Pranab Muherjee as chief guest . Shri. K.K.Balu was appointed as an Additional Director of the bank on 27 January 2012. It has 779 branches and network of 1659 ATMs and around 565 cash deposit machines as on 31 March 2020. KVB has recorded a total business of Rs 107,591 crore with deposits of Rs 59,075 crore an advantages of Rs 48,516 crore.

REVIEW OF LITERATURE

Dr .V. SRIDEVI(2019) in her research are titled “A study on financial performance of selected bank in India” set out to main aim of the study to compare and evaluate the financial performance of selected banks using CAMEL rating system secondary data needed for the study collected from annual reports of the study collected from annual reports of the banks bulletins periodicals new letters internal reports of banks journals magazines and websites the collected data has been analysed CAMEL frame work the bank selected for Bank of Maharashtra and Karur Vysya Bank the period of study for the selected banks from 2014 to 2018 concluded the study that according to the overall rating of CAMEL analysis bank of Maharashtra and Karur Vysya Bank are best.

Princika Bothru and Ashwinlpurothi (2018) in their article titled “A Camel model analysis of selected public and private sector bank in India “has said the objectives to analyze the financial performance of Bank of Maharashtra and Karur vysya bank by applying camel model. They have used tools like ratio analysis arithmetic mean, average, rank and percentage. They have concluded that in terms of capital adequacy ratio parameter Bank of Maharashtra is a head then of Karur vysya bank. The possible reason for poor performance of Karur vysya bank is advanced to assets, debt-equity and government securities to total investment ratios.

Dr John Myloankis (2009) in her research article title “Private banking services private banking customers” set out to profile and their investment preference “ The rapid development of the banking sector in Greece and the strong competition conditions have given a powerful push to private banking. A wide range of different banks and other financial institutions offer private banking services to high net worth individuals. The scope of this paper is to present private banking satisfaction features and to describe the personal banking Greek customers profile and their level. Research showed that Private Banking customers have specific.

STATEMENT OF THE PROBLEM

Finance is one of the most important aspects of business management, without proper financial planning an enterprise is unlikely to be successful in managing money in (cash). It is essential to ensure a secure future for both individual and an organization . For the both individual and a organization for the proper. Financial planning , analysis of the financial performance of Bank of Maharashtra and Karur Vysya Bank

OBJECTIVES OF THE STUDY

- To identify the trends and growth of Bank of Maharashtra and Karur Vysya Bank.
- To analysis the financial performance of the Bank of Maharashtra and Karur Vysya Bank using CAMEL model.
- To offer suggestion based on the finding of the study.

DATA COLLECTION

One public sector bank (Bank of Maharashtra) and one private sector bank (Karur Vysya bank) of India have been selected for this study. This study is mainly based on Secondary data . Secondary data were collected from books, journals, annual reports and websites of the banks .The study period covers of five years from 2017-18 to 2021-22.

DATA ANALYSIS

CAMEL model was applied to analyse and compare the financial performance of banks. The following ratios have been used in the study to compare the performance of banks.

CAMEL MODEL

C Stands For The Capital Adequacy

- Advances to asset ratio

A Stands For Assets Quality

- Total Investment to Total Assets

M stands for the management efficiency

- Total advances to total deposits

E stands for the Earnings capacity

- Interest income to total income

L stands for the liquidity

- Current ratio

CAPITAL ADEQUACY

ADVANCES TO ASSET RATIO

$$\text{Advances to Asset Ratio} = \frac{\text{Total Advances}}{\text{Total Asset}}$$

YEAR	BANK OF MAHARASHTRA	KARUR VYSYA BANK
2017-2018	0.56	0.69
2018-2019	0.52	0.67
2019-2020	0.51	0.67
2020-2021	0.50	0.70
2021-2022	0.54	0.66

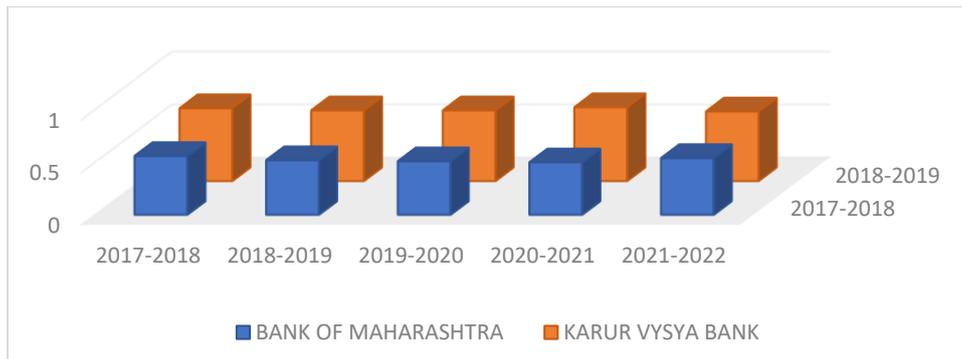
Source: Calculated Data

INTERPERTAION

From the above table it is clearly understood that Total Advance and Total Asset ratio was in 0.56% for 2017-18, 0.52% for 2018-19,0.51% for 2019-20, 0.50% for 2020-21, 0.54%for 2021-22 for

Bank of Maharashtra Likewise it is 0.69% for 2017-18, 0.67% for 2018-19, 0.67% for 2019-20, 0.70% for 2020-21, 0.66% 2021-22 for Karur Vysya Bank

ADVANCES TO ASSET RATIO



ASSETS QUALITY

TOTAL INVESTMENT TO TOTAL ASSET RATIO

Total Investment to Total Asset= Total Investment/Total Asset*100

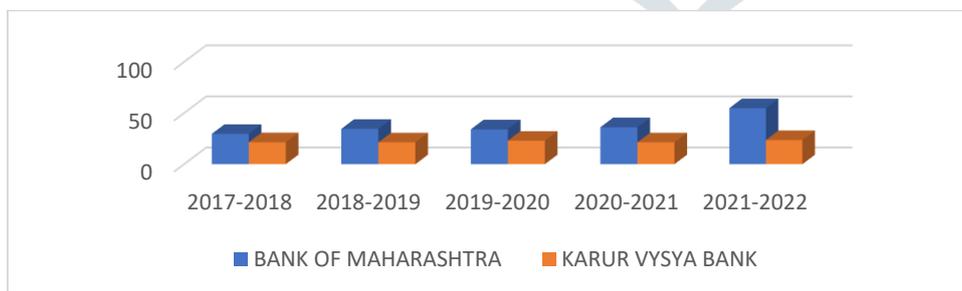
YEAR	BANK OF MAHARASHTRA	KARUR VYSYA BANK
2017-2018	29.7	21.5
2018-2019	34.6	21.4
2019-2020	34.1	23.0
2020-2021	36.2	21.4
2021-2022	54.8	23.6

Source: Calculated Data

INTERPERTATION

From the above table it is clearly understood that Total Investment to Total Asset ratio in 29.7% for 2017-18, 34.6% for 2018-19, 34.1% for 2019-20, 36.2% for 2020-21, 54.8% for 2021-22 for Bank of Maharashtra Likewise it is 21.5% for 2017-18, 21.4% for 2018-19, 23.0 for 2019-20, 21.4% for 2020-21, 23.6% for 2021-22 for Karur Vysya Bank.

INVESTMENT TO TOTAL ASSET



MANAGEMENT EFFICIENCY

ADVANCE TO DEPOSIT RATIO

Advance to Deposit Ratio= Advances/Deposit

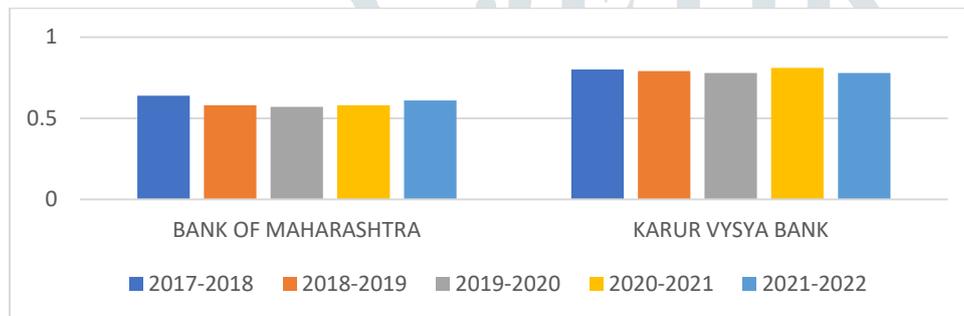
YEAR	BANK OF MAHARASHTRA	KARUR VYSYA BANK
2017-2018	0.64	0.80
2018-2019	0.58	0.79
2019-2020	0.57	0.78
2020-2021	0.58	0.81
2021-2022	0.61	0.78

Source: Calculated Data

INTERPERTATION

From the above table it is clearly understood that Advance to Deposit ratio in 0.64% for 2017-18, 0.58% for 2018-19, 0.57% for 2019-20, 0.58% for 2020-21, 0.61% for 2021-22 for Bank of Maharashtra Likewise it is 0.80% for 2017-18, 0.79% for 2018-19, 0.78% for 2019-20, 0.81% for 2020-21, 0.78% for 2021-22 for Karur Vysya Bank.

ADVANCE TO DEPOSIT RATIO



EARNINGS

INTEREST INCOME TO TOTAL INCOME

Interest earned to Total Income Ratio= Interest Earned / Total Income

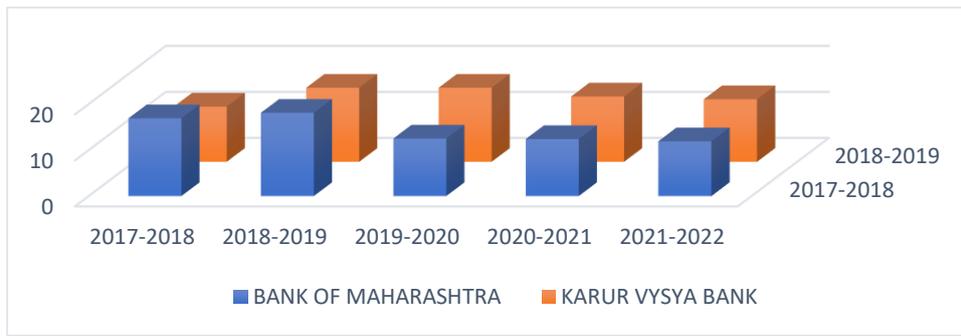
YEAR	BANK OF MAHARASHTRA	KARUR VYSYA BANK
2017-2018	16.9	12.0
2018-2019	18.1	16.1
2019-2020	12.5	16.1
2020-2021	12.4	14.2
2021-2022	11.9	13.6

Source: Calculated Data

INTERPERTATION

From the above table it is clearly understood that Interest Income to Total Income ratio in 16.9% for 2017-18, 18.1% for 2018-19, 12.5% for 2019-20, 12.4% for 2020-21, 11.9% for 2021-22 for Bank of Maharashtra Likewise it is 12.0% for 2017-18, 16.1% for 2018-19, 16.1% for 2019-20, 14.2% for 2020-21, 13.6% for 2021-22 for Karur Vysya Bank

INTEREST INCOME TO TOTAL INCOME



LIQUIDITY RATIO

CURRENT RATIO

Current Ratio= Current Asset / Current Liabilities

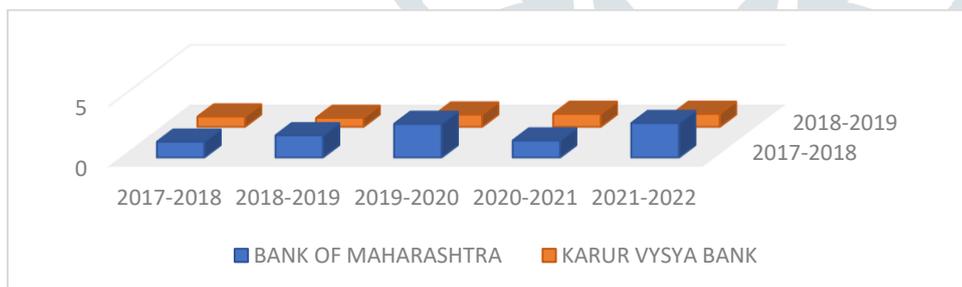
YEAR	BANK OF MAHARASHTRA	KARUR VYSYA BANK
2017-2018	1.30	0.85
2018-2019	1.83	0.74
2019-2020	2.77	1.01
2020-2021	1.40	1.07
2021-2022	2.84	1.07

Source: Calculated Data

INTERTATION

From the above table it is clearly understood that Cash Position ratio in 2.94% for 2017-18, 2.04% for 2018-19, 2.36% for 2019-20, 0.99% for 2020-21, 4.73% for 2021-22 for Bank of Maharashtra it is 1.47% for 2017-18, 1.68% for 2018-19, 1.92% for 2019-20, 1.97% for 2020-21, 2.12% for 2021-22 for Karur Vysya Bank.

CURRENT RATIO



FINDINGS

CAPITAL ADEQUACY

- The Total advance and total asset of Bank of Maharashtra at 0.66 in 2021-2022 when compared with karur vysya bank ratio at 0.54

ASSET QUALITY

- The Total investments to Total Asset Ratio is 29.7 for karur Vysya bank at 2017-2018 when compared with Bank of Maharashtra ratio 21.5

MANAGEMENT EFFICIENCY

- The Advance to total deposits ratio is higher for karur Vysya bank at 0.81 in 2020-21 when compared with bank of Maharashtra ratio at 0.58

EARNINGS

- The Interest income to total income ratio is higher for karur Vysya bank at 16.1 in 2019-2020 when compared with Bank of Maharashtra and ratio at 12.5

LIQUIDITY

- The Current ratio is higher for Karur Vysya Bank at 2.84 in 2021-2022 when compared with Bank of Maharashtra ratio at 1.07

CONCLUSION

In capital adequacy ratio Karur Vysya Bank ratio is high compared to Bank of Maharashtra, Assets quality ratio is high for Karur Vysya bank compared to Bank of Maharashtra Fixed Asset to total asset ratio is Bank of Maharashtra to high compared to Karur Vysya bank. Management efficiency Karur Vysya bank ratio is high Karur Vysya bank compared to Bank of Maharashtra. Earnings Interest income to total income Karur Vysya bank is high compared to Bank of Maharashtra Interest Earned to Total Income ratio Bank of Maharashtra is high compared to Karur Vysya bank Liquidity ratio cash position ratio Bank of Maharashtra is high compared Bank of Maharashtra current ratio Karur Vysya bank is high compared to Bank of Maharashtra overall we find that Bank of Maharashtra is better position that Karur Vysya bank comparative statement overall Bank of Maharashtra financial position is better compared to Karur Vysya bank.

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