



An analysis of Indian public and private banks using CAMEL approach

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Abstract

The financial system of Indian economy chiefly depends on the financial soundness of the banking sectors. It is very much inevitable to work out performance of a bank to maintain the smooth functioning with progressing growth. The main objective of this study was to assess the financial performance of select public sector and private sector banks and compare their performances using CAMEL approach. The study was undertaken for a period of 5 years commencing from 2016-17 to 2020-21. The CAMEL model helped to estimate the performance of 10 banks 5 each from public and private banks. The important parameters under components of CAMEL model like liquidity, earning quality, management efficiency, asset quality and capital adequacy were taken into consideration. For analysis of financial performance select private banks namely ICICI bank, HDFC bank, Federal bank, Axis bank and IndusInd bank and select public sector banks such as SBI, PNB, BOB, UBI and CBI were taken. The study was concluded with relative ranking of banks based on various parameters and private sector banks were found better, efficient and profitable in most of the parameters than those of public banks.

Key Words: CAMEL Model, Capital adequacy, Assets, Earnings and Liquidity

Introduction:

In Indian economy, banks play very important role in the growth of country. Role of banks in the economy of a country is immense as they assist the govt. to achieve goal for its economic development. Generating income through interest by lending money by the banks creates profit for itself and for its customers as well. Profit generated is the difference between the cost plus interest payments and the income through interest or through securities.

Public sector banks are those banks which are owned and operated by the government. These banks provide services to individuals, businesses and government sectors. Public sector banks are involved in mobilization of funds, savings, financial credit for economic development of the country.

Private banks are those banks where majority of the contribution is by its stakeholders and not by government. These banks provide financial services, credit facilities and other products to the individuals or customers. These banks are owned and managed by the private people. These banks provide financial services to the high net worth individual clients or financial institutions.

Indian public and private sector banks have made significant achievements in past few days and have been continuously growing. Reserve Bank of India has imposed some alterations in the banking sector, but still banks maintain and facilitate in accepting deposits for the customers and giving out loans out of these deposits. These banks assess themselves based on their past performances. To assess the performance of these banks better, they need to apply some tools and techniques. CAMEL approach is the important technique known these days for the appropriate financial analysis of the banks.

CAMEL APPROACH

CAMEL Model is a technique widely used for financial analysis of the banks. In this regard, a bank is an entity which mainly accepts deposits and lends money to the customers. CAMEL has basically five units which comprises: Capital Adequacy, Asset Quality, Management Efficiency, Earning quality and Liquidity positions. In this approach analysis of a bank is done based on various financial ratios and finally assigns some numerical rankings. The top ranking shows the best management practices in the risk management and performances and hence attracts least attention for regulators, whereas the lowest ranking shows the weakest performance and risk management practices and hence attracts highest attention by regulatory concern.

Capital adequacy is a vivacious requirement for banks to have sufficient capital so that potential losses can be minimized without making the bank income financially weak or insolvent. Asset quality is also an important component to assess the financial strength of a bank and potential credit risk involved with it. Bank's management capabilities are another important component of CAMEL approach for its sustainable growth. An efficient management involves identifying and using suitable profit-making measures and opportunities while managing the financial risk. Bank's Earnings when adequate are known to be of high quality, upward trending and sustainable which means there is provision of high rate of return above the cost of capital. Therefore, to make the earnings adequate it should be derived from different and recurring sources. Bank's current liabilities is deposits and deposits are insured by the government insurers to some extent and hence liquidity is a key attention of the regulators.

Problem Statement

Financial performance of banking sector plays an important role, since it is governed by several external factors framed by Reserve Bank of India (RBI) on quarterly basis as per monetary policy of the country. There is significant impact on all the sectors due to high inflation and demand of money into system. Therefore, there is need to have control in the monetary flow in order to control the economy. Change in the RBI regulations directly or indirectly impacts the financial sector by increasing or reducing the performance of banking system in the country. Many banking systems are not able to manage the risk and eventually collapse due to non-assessment of their performances based on various aspects of financial management. Therefore, this study has been undertaken to assess the performance of various banks by using CAMEL approach.

Objectives:

1. To calculate the ratios of various parameters under CAMEL model for select public and private banks.
2. To categorize banks based on their ranking as per financial performance and risk management.
3. To give valuable recommendation and suggestions based on performance analysis.

Review of Literature

Mouneswari *et al.* (2016) conducted study for 5 financial years starting from 2010-11 to 2014-15 on the banking performance of 20 public and private sector banks. They narrated that the most of the private sector banks perform better in most of the CAMEL parameters than that of public sector banks.

Sharma and Arora (2016) analysed 8 public and 7 private sector banks for the financial period 2014-15 and concluded that private banks are better than the public banks in terms of ranking based on most of the Camel parameters.

Kumar and Malhotra (2017) assessed the performance of 5 private sector banks for 10 financial years from 2006-06 to 2016-17 based on CMAEL model. The banks were ranked according to their performance. It was found the Axis Bank has been performing the best amongst all the banks under study, while IndusInd Bank was suggested to improve on its performance.

Meenakshi and Alam (2019) analysed the financial performance of selected public sector bank in India using camel model. They selected 13 nationalised banks for the study during 2005 to 2017. They reported that the Bank of Baroda, United Bank of India, Syndicate Bank, Punjab National Bank and Indian overseas bank were found on the top with significant capital adequacy ratio and Net NPA ratio.

Panboli and Birda (2019) assessed 5 banks each from public and private sector for 5 financial years from 2012-13 till 2016-17. They used various CAMEL parameters to examine the fiscal operations of the bank and banks were ranked according to the percentage calculated. The researchers came up with the conclusion that private sector banks are better performers than the public sector banks.

Sukanya (2019) narrated that camel model analysis is an important tool to analyse the performance of banks and to suggest necessary measures for its improvement. The study was taken up for the period of 5 years from 2012 to 2017 and found that Kotak Mahindra performed better and ranked 1st among all the banks and PNB ranked the

lowest. The private sector banks outpaced the public banks. The top 5 positions are of private banks and Bank of Baroda being public sector bank ranked top 3rd with HDFC bank.

Gaikwad and Shinde (2020) studied the performance of top 10 public and private banks for 4 years during 2015-16 to 2018-19. The performance of public and private sector banks has been compared based on average ratios, applying T test hypothesis. The private banks showed better results than public banks in terms of return on average asset, net interest margin, total advance to total deposit ratio, total expenditure to total income ratio, net NPA to net advance ratio, return on equity and capital adequacy ratio. Based on the financial performance on these parameters it was concluded that the private banks are better and suggested that public banks need to improvise in these areas for better financial performance in future.

Haralayya and Aithal (2021) studied the various components of bank performance for the soundness of the banks. They studied the critical pointers like capital ampleness, resource quality, executive proficiency, procuring quality and liquidity. They stated that CAMEL approach uncovers the bank's performance to get balanced with new administration. All the CAMEL components are important to be looked into for soundness of the banks.

Lambore et al. (2022) assessed the financial performance of 16 public and private sector banks during 2017-2021 and reported that there is significant difference between the CAMEL ratios of all the private banks in India. Further, they concluded that the least performing banks need to improve their performance to the desired level.

METHODOLOGY

A random sample of 10 banks comprising 5 Indian public sector banks and 5 Indian private sector banks have selected for the study

The data for the study are based on secondary data collection from the annual reports of the selected banks for a period of 5 years commencing from 2016-17 to 2020-21 for each bank

The various components of CAMEL model were used for assessing the performance of these selected public and private banks.

HYPOTHESIS

Ho: There is no significant difference in the performance of Indian private and public banks based on CAMEL approach

Ha: There is significant difference in the performance of Indian private and public banks based on CAMEL approach

DATA ANALYSIS TECHNIQUES

The ratios and parameters under various components of CAMEL model was calculated and ranked. F test, One way ANOVA and group statistics using IBM SPSS Statistics 21.0 were used for analysis and interpretation of data.

ANALYSIS OF PARAMETERS OF CAMEL COMPONENTS

A. CAPITAL

Bank capital is net worth of a bank or its equity value to investors. It is a difference between a bank's assets and its liabilities. The assets of a bank's capital consist of cash, government securities and interest-earning loans like inter-bank loans, letters of credit and mortgages etc. and the liability consist of loan-loss reserves and debt it owes.

Table1: Banking performance based on capital parameter of CAMEL Model

S. No.	Public and Private Banks	CA1: CAR		CA2: DER		CA3: Advance to Asset Ratio		CA4: Govt Securities to total Investment	
		Avg. Ratio	Overall Rank	Avg. Ratio	Overall Rank	Avg. Ratio	Overall Rank	Avg. Ratio	Overall Rank
1	SBI	13.22	7	0.612	8	0.552	9	0.777	4
2	PNB	11.81	9	0.921	6	0.569	8	0.812	2
3	BoB	13.21	6	1.165	5	0.591	6	0.206	10
4	UBI	12.08	8	1.511	3	0.590	7	0.747	6
5	CBI	11.23	10	0.331	10	0.461	10	0.775	5
6	ICICI Bank	17.58	1	1.352	4	0.597	5	0.719	9
7	HDFC Bank	16.75	3	0.911	7	0.615	4	0.795	3
8	AXIS Bank	16.80	2	1.964	1	0.625	3	0.724	8
9	FEDERAL BANK	14.04	5	0.693	9	0.665	1	0.740	7
10	INDUSIND BANK	15.38	4	1.488	2	0.643	2	0.837	1

Note: SBI: State Bank of India, PNB: Punjab National Bank, BoB: Bank of Baroda, UBI: Union Bank of India, CBI: Central Bank of India, CAR: Capital Adequacy Ratio, DER: Debt Equity Ratio.

A. Performance of Banks based on Capital Adequacy parameters

Capital Adequacy Ratio indicates the availability of capital in a bank to check whether the banks have sufficient amount of capital on reserves to deal with kind of losses before being at the risk of insolvent. The ratios covered under Capital assessment are: CA1 (Capital Adequacy Ratio), CA2 (Debt Equity Ratio), CA3 (Advances to Assets Ratio) and CA4 (Government securities to total investment). These ratios are presented in Table 1.

It is quite evident from the table 1 that in overall ranking among public and private sector banks, ICICI Bank ranks 1st in Capital Adequacy Ratio (CA1) followed by Axis Bank (2nd rank) and HDFC Bank (3rd rank). Among private sector banks, SBI ranks 1st followed by BoB and UBI.

The Debt equity ratio (CA2) was found highest in Axis bank (1st rank) followed by IndusInd Bank and UBI in the overall ranking among selected public and private sector banks. Whereas among public sector banks the highest DER was found in UBI (1.511) followed by BoB and PNB.

In total advance to total asset ratio (CA3), the highest was noticed in Federal bank (1st rank) followed by IndusInd Bank and Axis Bank among all the selected banks, whereas among public sector banks the highest ratio was obtained in BoB (0.591), UBI (0.590) and PNB (0.569).

In case of Govt securities to total investment (CA4) ratio, IndusInd Bank was recorded highest (1st rank) in overall ranking followed by PNB and HDFC bank.

Table 2: Banking performance based on Asset quality parameters using CAMEL Model

S. No.	Public and Private Banks	A1: Net NPA to Total Assets Ratio		A2: Net NPA to Net Advance Ratio		A3: Total Investment to Total Assets Ratio	
		Avg. Ratio	Overall Rank	Avg. Ratio	Overall Rank	Avg. Ratio	Overall Rank
1	SBI	3.14	2	3.236	5	0.270	3
2	PNB	0.23	10	7.424	2	0.277	2
3	BoB	0.26	7	3.952	4	0.222	6
4	UBI	0.34	4	6.090	3	0.269	4
5	CBI	0.83	3	8.486	1	0.357	1
6	ICICI Bank	0.29	6	3.186	6	0.224	7
7	HDFC Bank	1.21	1	0.376	10	0.244	5
8	AXIS Bank	0.31	5	2.166	7	0.211	8
9	FEDERAL BANK	0.25	8	1.390	8	0.210	9
10	INDUSIND BANK	0.25	9	0.742	9	0.206	10

B. Banking performance based on Asset Quality parameters using CMAEL model

Asset quality is the level of relative risk that an asset has in a portfolio. These ratios make an evaluation of assets to assess the credit risk which is pertaining to the bank's total assets and advance in it. It comprises of Net NPA to Total Assets Ratio (A1), Net NPA to Net Advance Ratio (A2), Total Investment to Total Assets Ratio (A3)

All the ratios pertaining to asset quality parameters using CAMEL Approach for public and private banks are given in the table 2. In case of Net NPA to Total Assets Ratio (A1), it is quite obvious from the table that HDFC Bank ranks highest (1st) in overall ranking followed SBI (2nd) and CBI (3rd). Net NPA to Total Assets Ratio indicates the potency of a bank in assessing credit risk and potential to recover the debts. The higher the ratio the lower the quality of advances and hence inefficient utilization of assets and poor performance of the bank. The lowest ratios were obtained in PNB, IndusInd Bank and Federal Bank proving the better utilization of funds.

Net NPA to Net Advance Ratio (A2) is the most important parameter of measuring the asset quality. The higher the ratio the lower is the asset quality and vice versa. From the table it is clear that lower ratios were found with HDFC Bank followed IndusInd Bank and Federal Bank indicating the better asset quality where as the highest ratios was noticed in CBI (1st) followed by PNB (2nd) and UBI (3rd) demonstrating the poor performance of the banks

Total Investment to Total Assets Ratio (A3) is the extent of preparation of assets in investment against total assets (advances). This ratio is calculated by dividing total investment to total assets. Higher ratio informs that the bank has watchfully kept a high bolster of investment to shield against plausible NPAs. It is evident from the table that the highest ratio was obtained in CBI (1st) followed by PNB (2nd) and SBI (3rd).

Table 3: Banking performance based on Management Efficiency of CAMEL Model

S. No.	Public and Private Banks	M1: Total Advance to Total Deposit Ratio		M2: Profit Per Employee		M3: Business Per Employee		M4: Return on Net Worth	
		Avg. Ratio	Overall Rank	Average	Overall Rank	Average	Overall Rank	Average	Overall Rank
1	SBI	0.723	6	0.441	10	19.298	2	5.838	4
2	PNB	0.662	9	1.952	9	16.540	5	7.802	3
3	BoB	0.711	7	2.014	8	18.474	3	5.784	5
4	UBI	0.704	8	6.972	6	18.468	4	13.204	2
5	CBI	0.392	10	8.376	5	13.392	8	2.768	6
6	ICICI Bank	0.877	3	9.800	4	12.112	10	0.968	9
7	HDFC Bank	0.860	4	21.800	1	16.220	6	17.184	1
8	AXIS Bank	0.909	2	6.010	7	15.954	7	0.582	10
9	FEDERAL BANK	0.791	5	9.800	3	19.500	1	0.852	8
10	INDUSIND BANK	0.932	1	12.370	2	12.478	9	1.518	7

Banking performance based on Management Efficiency using CAMEL Model

Management efficiency is also an important component of CAMEL Approach which measures how proficient the management is in controlling their capital used for the business. It also indicates the capability of management to efficiently utilize other resources for generating revenue. The management efficiency is measured using various parameters such as Total Advance to Total Deposit Ratio (M1), Profit Per Employee (M2), Business Per Employee (M3) and Return on Net Worth (M4). These ratios have been mentioned in the Table 3.

Total Advance to Total Deposit Ratio (M1) is the ratio of total advance given to the customers out of the total deposits received. The highest ratio was obtained by the IndusInd Bank (1st rank) followed by Axis Bank (2nd rank) and ICICI Bank (3rd rank) whereas lowest values obtained in CBI, UBI and PNB.

Profit Per Employee (M2) indicates the amount of profit being generated by each employee and it is calculated by dividing the net profit received by the total number of employee in a bank. The ratio indicates how effectively a bank is utilizing its human resources for generating profit. HDFC bank ranked 1st followed by IndusInd Bank (2nd) and Federal Bank (3rd) and the lowest profit pe employee was found in SBI, PNB and BoB.

Business Per Employee (M3) is the ratio of total revenue generated by a bank divided by the total number of employees. Factually a bank wants to obtain highest ratio of business per employee possible to achieve greater productivity which later converts it to higher profits as well. The highest ratio of business per employee was obtained by Federal Bank (1st rank) followed by SBI (2nd rank) and BoB (3rd rank)

Return on Net Worth (M4) is the proportion of net income of a bank and shareholder's equity. It is an indicator of profitability of a bank and may be calculated in percentage. The highest rerun on net worth was obtained by HDFC Bank (1st rank) followed by UBI (2nd rank) and PNB (3rd rank). The lowest values were noticed in Axis bank, ICICI bank and Federal Bank.

Table 4: Banking performance based on Earning quality parameters using CAMEL Approach

S. No.	Public and Private Banks	E1: Operating Profit to Average working funds		E2: Net Profit (Net Income) to Average Assets	
		Avg. Ratio	Overall Rank	Avg. Ratio	Overall Rank
1	SBI	1.702	6	1.226	7
2	PNB	1.696	7	1.450	5
3	BoB	1.688	8	1.208	9
4	UBI	1.648	9	1.214	8
5	CBI	1.102	10	0.820	10
6	ICICI Bank	3.124	3	1.558	4
7	HDFC Bank	3.570	2	1.649	2
8	AXIS Bank	2.714	4	1.560	3
9	FEDERAL BANK	2.100	5	1.744	1
10	INDUSIND BANK	3.586	1	1.260	6

D. Banking performance based on Earning quality parameters using CAMEL Approach

Earning quality ratios indicate how efficiently a bank is harnessing its potential to generate revenues. It measures the ability of a bank to manage its assets. Two important parameters under earning quality have been taken into consideration for the study i.e. Operating Profit to Average working funds (E1) and Net Profit (Net Income) to Average Assets and the same have been given in the Table 4.

Operating Profit to Average working funds (E1) indicates the operational efficiency of a bank which is proportion of operating profit to average working fund. Operating profit is worked out by subtracting operational expenses, day-to-day expenses and cost of goods sold from its total revenues. Working fund is calculated by subtracting current liabilities from its current assets. In simple words the average working capital is sum up of the working fund in opening of the year and in closing of the year divided by two. From the table 4, the highest ratios of Operating Profit to Average working funds (E1) were obtained with IndusInd Bank (1st rank), HDFC Bank (2nd rank) and ICICI Bank (3rd rank) and minimum values were obtained in CBI, UBI and BoB.

Net Profit (Net Income) to Average Assets is the proportion of net profit to average assets and provides an exact total profit from average total assets. Net profit is worked out by subtracting total interest expenses from the bank's total interest income. Average assets are average of the total assets of current and preceding years. From the table 4 it is quite evident that Federal Bank was ranked 1st followed by HDFC Bank (2nd rank) and Axis Bank (3rd rank) and the least ratios were noticed CBI, BoB and UBI.

Table 5: Banking performance based on Liquidity parameters of CAMEL Model

S. No.	Public and Private Banks	L1: LA to DD Ratio		L2: LA to TD ratio		L3: LA to TA ratio		L4: GS to TA ratio	
		Avg. Ratio	Overall Rank	Average	Overall Rank	Average	Overall Rank	Average	Overall Rank
1	SBI	1.104	6	0.080	10	0.064	10	0.224	4
2	PNB	1.685	3	0.113	7	0.096	4	0.229	3
3	BoB	2.175	2	0.249	1	0.134	2	0.198	6
4	UBI	1.678	4	0.105	8	0.088	5	0.203	5
5	CBI	3.336	1	0.163	3	0.145	1	0.274	2
6	ICICI Bank	1.065	7	0.145	4	0.099	3	0.161	9
7	HDFC Bank	0.617	10	0.097	9	0.073	8	0.194	7
8	AXIS Bank	0.682	9	0.116	6	0.080	7	0.035	10
9	FEDERAL BANK	1.401	5	0.220	2	0.072	9	0.765	1
10	INDUSIND BANK	0.738	8	0.122	5	0.085	6	0.177	8

Note: LA: Liquid assets, DD: Demand Deposit, TD: Total Deposit, TA: Total Assets, GS: Govt Securities

D. Banking performance based on Liquidity parameters of CAMEL Model

Liquidity ratios determine the capability of a bank to cover short-term obligations. Liquidity is capacity of any bank to translate assets into cash swiftly. It comprises of Liquid Assets to Demand Deposits Ratio (L1), Liquid Assets to Total Deposits ratio (L2), Liquid Assets to Total Assets ratio (L3) and Govt Securities to Total Assets ratio (L4). The data are given in the Table 5.

Liquid Assets to Demand Deposits Ratio (L1) it is a proportion of liquid assets to demand deposit. Liquid assets is an assets which can swiftly be converted into cash. It includes cash, short term bonds, cash equivalents, and account receivables, investment returns and marketable securities. Demand deposit is an amount deposited into an account which can be swiftly withdrawn on demand. From the table 5, it is observed that CBI, BoB and PNB banks have high ratios whereas as this ratio is lowest in HDFC, Axis and IndusInd Banks

Liquid Assets to Total Deposits ratio (L2): It is the proportion of liquid assets to total deposits (aggregate amount of deposits). In the present study over 5 years of period it was found that this ratio was highest in BoB followed Federal Bank and CBI whereas, minimum ratios were calculated in SBI, HDFC Bank and UBI.

Liquid Assets to Total Assets ratio (L3): It is the proportion of liquid assets to total assets (sum of all the assets (cash, accounts receivables, equipment, tools, inventory etc.) owned by a bank). In the present study CBI ranked 1st followed by BoB (2nd) and ICICI Bank (3rd)

Govt Securities to Total Assets ratio (L4): It is the proportion of government securities to total assets. Govt security is considered risk free investment. The amount of money deposited by a bank as securities to

meets its expenditure meets, fund development projects, bridge budget deficits etc. From the table 5, it is found that Federal Bank is at 1st rank followed by CBI and PNB whereas the values are minimum in Axis Bank ICICI Bank and IndusInd Bank.

Statistical Analysis: One way ANOVA

SPSS Statistical Tool was used to calculate the F test and significance level for all the ratios of CAMEL parameters. From the table 6, it can be summarized that p-value less than 0.05 was noticed significant for all the parameters except Govt Securities to total assets, Liquid Assets to total deposits and Liquid asset to total assets. Therefore, null hypothesis was rejected and alternate hypothesis was accepted. It connotes that there was significant difference among the CAMEL parameters in assessing the performance of the public and private banks. For parameters like Govt Securities to total assets, Liquid Assets to total deposits and Liquid asset to total assets the null hypothesis was accepted since there was no significant difference in the p-value.

Table 6: One Way ANOVA Test for various parameters of CAMEL Components

CAMEL components	Banking groups	Sum of Squares	df	Mean Square	F	Sig.
Capital Adequacy Ratio	Between Groups	39.358	4	9.840	4.765	.007
	Within Groups	41.301	20	2.065		
	Total	80.659	24			
Debt Equity Ratio	Between Groups	4.986	4	1.247	12.461	.000
	Within Groups	2.001	20	.100		
	Total	6.987	24			
Total Advance to Total Assets Ratio	Between Groups	.014	4	.003	3.503	.025
	Within Groups	.020	20	.001		
	Total	.034	24			
Govt. Securities to Total Assets ratio	Between Groups	.053	4	.013	1.014	.424
	Within Groups	.259	20	.013		
	Total	.312	24			
Net NPA to Net Advance ratio	Between Groups	25.551	4	6.388	5.857	.003
	Within Groups	21.812	20	1.091		
	Total	47.363	24			
Total Investment fot To Assets ratio	Between Groups	.005	4	.001	3.933	.016
	Within Groups	.006	20	.000		
	Total	.011	24			
Total Advance to Total Deposit ratio	Between Groups	.058	4	.015	6.051	.002
	Within Groups	.048	20	.002		
	Total	.106	24			
Profit Per Employee	Between Groups	708.637	4	177.159	15.541	.000
	Within Groups	227.983	20	11.399		
	Total	936.620	24			
Business Per Employee	Between Groups	185.132	4	46.283	7.147	.001
	Within Groups	129.518	20	6.476		
	Total	314.650	24			
Return On Net Worth	Between Groups	1052.600	4	263.150	1120.1	.000
	Within Groups	4.698	20	.235		
	Total	1057.299	24			
Oper Profit to Average Working Funds	Between Groups	7.869	4	1.967	35.483	.000
	Within Groups	1.109	20	.055		
	Total	8.977	24			
Net Profit to Total Assets	Between Groups	.658	4	.165	4.840	.007
	Within Groups	.680	20	.034		
	Total	1.338	24			
Liquid Assets to Demand Deposits	Between Groups	2.162	4	.541	11.780	.000
	Within Groups	.918	20	.046		
	Total	3.080	24			

Liquid Assets to Total Deposits	Between Groups	.046	4	.011	.574	.684
	Within Groups	.398	20	.020		
	Total	.444	24			
Liquid Assets to Total Assets	Between Groups	.002	4	.001	.942	.460
	Within Groups	.013	20	.001		
	Total	.015	24			
Govt. Securities to Total Assets	Between Groups	1.634	4	.409	276.98	.000
	Within Groups	.030	20	.001		
	Total	1.664	24			

Conclusion:

In the recent years due to essential vicissitudes in the banking sector, the monetary system around the world have improved their functional and managerial skill and thereby performances. In assessing performance of banks many countries are adopting uniform financial rating system using CAMEL model along with other tools. In India as well CAMEL framework has been found useful for performance evaluation. The banks are ranked according to the ratings obtained by them on the 5 CAMEL components. The results in the study showed that there is statistically significant difference among the CAMEL parameters except Govt Securities to total assets, Liquid Assets to total deposits and Liquid asset to total assets. Therefore, overall performance of these banks is significantly different suggesting that the alternate hypothesis should be accepted. It can also be concluded that the banks with the lower ranking need to improve their performances to come to the anticipated standards.

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