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Performance Evaluation of Public Sector, Private Sector and Multistate Cooperative Banks in India-A Study

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Abstract: ***The banking industry in India as a whole is making significant contributions for the development of the economy and helping to achieve sustainable growth. The banks are helping the economy in terms of effective capital formation, effective lending and contributing to the development of the nation, thus banks need to be more closely watched. In India banks are one of the healthiest performers in the world banking industry seeing tremendous competitiveness, growth, efficiency, profitability and soundness, especially in the recent years. The main goal of banks today is to ensure stability and make sure that they are internally sound and sensible. Hence, it is important to measure soundness across various banks in the country and identify the weaker sections of the banking sector, devise appropriate strategies and policies to lift these sections and eventually create an environment that leads banks to be sound and results in stability. The CAMEL model in banking sector is widely used all over the world to ascertain the performance of the banks operating in various sectors. In the present study an attempt is made to evaluate relative performance of banks in India using CAMEL approach. In the present study while the comparing the performance of three categories of banks in various sectors it is observed that among the banks in public sector Bank of Baroda was considered to be better, whereas among private sector banks ICICI banks was better and in multistate cooperative banks the Punjab Maharashtra cooperative bank was better on certain parameters of camel model.***

Keywords: financial performance, public sector banks, private sector banks, Multi-state cooperative banks, CAMEL Model.

1. Introduction

Banks today occupy an important position and role in the overall working and functioning of the economy of a nation. In fact, banking system of any country is the lifeblood of the economy. Banks plays a pivotal role in the economic development of a country and forms the core of the money market of the country. The banking sector performs three primary functions in an economy; firstly, it takes care of the payment system, secondly, the mobilization of savings and finally, the allocation of savings to investment projects for the purpose of development. The banking system which constitutes the core of the financial sector plays a critical role in transmitting monetary policy impulses to the entire economic system. An efficient banking system can promote in greater amount of investment which will further help to achieve a faster economic growth of the economy. The experiences worldwide confirm that countries with well developed markets and an efficient banking system grow at a faster pace and are more consistent in their performance.

The banking industry has become a reality in today's economy, as it is witnessing a growth both in terms of the number of institutions and in terms of the amount of money managed by activities. In spite of this progress and successes achieved by the banking institutions worldwide, it still have challenges which will require further intensive efforts on the part of these institutions, such as to enhance the quality of its products and services, to improve upon their individual performances and to keep pace with the rapid developments taking place in the world. The commercial banks who were dominating the markets have been attacked by the globalization, competition and volatile market dynamic pressures. The entry of foreign banks, state schedule cooperative banks and multistate cooperative banks has added more pressure on the day today workings of these banks. Thus an attempt should be made by the bankers to find new methods to improve their services. To understand the superior performance the managers and policy makers need to address an important issues like performance measurement and profitability measurement.

2. Significance of the Study

The commercial banks in India have played a significant role to strengthen the economic development by catering the financial needs to individuals and trade and industry in the country. The banks have fastened the process of capital formation in the country be effective borrowing and lending, drawing the community savings into the organized sector and allotting among the different economic activities as per priorities laid down by the planning commission. With the nationalization of the commercial banks in 1969, restrictions on entry and expansion of private and foreign banks were gradually increased. The RBI also began enforcing uniform interest rates, spreads and service changes among nationalized banks. This caused competition either among banks in the public sector or between the public, private and cooperative banks. In addition to this the labour policies of the public sector where employees salaries and promotions are not linked to their job performance has also led to a steady decline in the efficiency, quality of customer services and work culture in the banks, further increasing NPAs, declining profitability and efficiency lead to threatening the viability of commercial banks in India. Thus in the light of this facts within the banking industry the Narasimhan Committee in 1991 was appointed to look into improving the productivity, profitability and efficiency of the financial sector in general and about banking sector in particular. Against this background a need is felt to study the financial performance of the commercial banks operating in various sectors under study using ratio analysis and to draw necessary inferences from the study.

3. Review of Literature

There has been a remarkable transformation happening in the past two decades in the area of banking globally, so also is witnessed in India. Further there has been a remarkable increase in the number of banks, bank branches, number of customers and added amount of services thus as a result of these changes, studies have been undertaken where by the performance of various financial institutions have made a significant body of literature. The studies explore the performance of financial institution in general and analyze the efficiency and productivity of banking systems. Banks play an important role in the financial markets of developing the economy and it is very important to evaluate whether banks operate efficiently or not which will help our economy ton grow.

In an attempt the Birla Institute of Scientific Research (1981) made comparative analysis of performance of the public banks and the major private banks since nationalisation. Comparisons are made in terms of ratios and growth rates. The study brings out that the profitability ratios have been higher for selected group of the private sector banks than for the nationalised banks. Though public sector banks has vast network of branches and wide coverage, yet the credit of taking banking services to large mass of population goes to private sector banks.

Further in his paper Agarwal R N (1993) analysed the profits of Public Sector Banks since their nationalisation and discuss the determinants of profitability. The results indicate that profitability of public sector banks has been adversely affected by increasing statutory reserve ratios, lending to priority sectors at lower rates of interest, expansion of bank branches in the rural and semi-urban regions and rising wages of employees. Declining labour productivity has also adversely affected profitability. Time deposits are found important to encourage profitability. The two banking groups are found significantly different in their financial performance.

Saha Gurudas (2001) Public sector banks are unable to compete private sector banks due to poor governance. The financial performance of public sector banks is the lowest whereas that of SBI group is better in all ratios. SBI group have registered a higher growth in all the business parameters as compared to Nationalised banks but in the revenue parameters they are below nationalised banks, all private banks and foreign banks. It is indicated that public sector banks are losing its market share to private sector banks and foreign banks.

Subrahmani & Raghav (2001) analysed and compared the efficiency in six public sector banks, four private sector banks and three foreign banks for the year 1996-1997. The analysis revealed that higher per employee salary level need not result in poor efficiency and business per employee efficiency co-efficient was calculated. Among the PSBs, Bank of Baroda registered the high efficiency and operating profit per employee. Among the private sector banks Indus Bank followed by Citi Bank registered highest and second highest operating profit per employee respectively. However, among the Nationalised Banks there existed wide variations in efficiency.

Chowdhury(2002) suggested that the Indian Banking is sound overall, but the author have ranked various banks in order of soundness while not making a conclusive statement about soundness of the banking sector as a whole. On similar lines, Manoj P. K concluded that OPBs lag the most as regards to soundness in banking and remedial measures be quickly adopted by these, but the paper doesn't describe the method to achieve better soundness.

Prasuna (2004) concluded that the competition was tough and consumers benefited from it. Better services quality, innovative products, better bargains are all greeting the Indian customers. Veni (2004) highlighted that the rating agencies give prominence to Capital Adequacy Ratios of banks while rating the bank's certificate of deposits, fixed deposits and bonds. They normally adopt CAMEL Model for rating banks. Thus, Capital Adequate is considered as the key element of bank rating. Satish et al. (2005) concluded that the Indian banking system looks sound and Information Technology will help the banking system grow in strength while going into future. Bodla and Verma (2006), in their paper, made an attempt to examine and compare the performance of two largest banks of India - SBI, a public sector bank; and ICICI a private sector bank - through CAMEL Model. The study concluded that on the whole, ICICI bank has performed better than SBI. Satish and Bharathi (2006) revealed that the Indian banking system has come a long way since independence going through different phases of nationalization and liberalization and is now preparing itself for the very critical phase, i.e., Globalization. Banks across the board have improved their profits while reducing their operational costs. Having reached a comfortable position, Indian banking is cautiously preparing itself to take the next big leap. Sisodiya et al. (2007) adopted CAMEL model to assess the performance of Indian banks. On the basis of composite ranking of all the selected banks, they selected 10 top banks under public sector, private sector and foreign banks category. They concluded that with the buoyancy in the overall economy led by robust corporate performance, the banking sector reported sterling performance.

Although a lot of work has been carried out in evaluating various commercial banks efficiency throughout the world, a very little work has been carried to evaluate the performance of Cooperative sector bank in India in general. This study tries to find out the performance of various banks operating in the same market. Thus under present scenario there is dire need to carry out a study to analyze the performance of various banks to provide answer to the problems faced within banking industry on account of fierce competition and decreasing profits.

Objectives
The objectives of the study are as follows:-

1) To understand the various theoretical aspects relating to the measurement of financial soundness of Public, Private and Cooperative banks.
2) To analyse the financial soundness of Public, Private and Cooperative banks in India.
3) To suggest measures based on the study results so to improve the financial performance of the banks under study.

4. Research Methodology

Methodology describes the research route to be followed for the study undertaken and various instruments to be used, universe and sample of the study for the data collection. Secondary data is used for the study where in data is extracted from financial statement s of banks under study. Further research instrument used is the CAMEL Model which is the recent innovation in determining the financial performance of banks. The model is explained as under:

4.1 CAMEL parameters

This system was adopted in India since 1995 at the suggestion of Mr. Padmanabhan, Governor RBI. Under this system the rating of individual banks is done along five key parameters- Capital adequacy, Asset quality, Management capability, Earnings capacity, and Liquidity.

4.2 Sample of the Study

The present study seeks to evaluate the financial performance of the two top public sector i.e. SBI, BOB, two private sector banks i.e HDFC and ICICI bank and two multistate cooperative banks i.e Punjab Maharashtra cooperative bank and Saraswat cooperative bank based in India , representing the biggest bank in their respective sectors. These banks were purposely selected for the study, keeping in view their role and involvement in shaping the economic conditions of India, specifically in terms of advances, deposits, many years of dedicated service, manpower employment, branch networking etc.

4.3 Data and Tools

The study is mainly based on secondary data drawn from the annual reports of the respective two banks each in public, private and cooperative sectors. This data is related to 5 years (2010-11 to 2014-15). For analysis of the data, two important statistical tool viz. Mean is been used, based upon which ranks are given in each of the parameters of camel model and accordingly conclusions are arrived in a scientific way.

5. Result & Discussion

The following are various ratios under camel model pertaining to the selected public, private and multistate cooperative banks for the study.

Capital Adequacy
The tables below depicts the capital adequacy of the banks

1) Capital adequacy ratio (CAR)

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	11	12.79	12.44	13.96	12.96	**12.67**	5
2	BOB	25.93	36.82	25.89	27.62	27.54	**28.76**	1
3	HDFC	16.8	16.1	16.8	16.5	16.2	**16.48**	3
4	ICICI	17.02	17.7	18.72	18.54	19.54	**18.31**	2
5	PMC	12.43	12.54	12.83	13.28	13.23	**12.86**	4
6	Saraswat	12.57	12.11	11.15	12.37	12.74	**12.19**	6

(Source: - Secondary data)

Capital Adequacy ratio: The above table exhibits the Capital adequacy ratio which is well above prescribed norm by Reserve Bank of India. Bank of Baroda occupied the first place and Saraswat Bank, SBI has occupied last position respectively.

2) Debt-Equity Ratio

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	27.48	24.53	24.73	18.93	18.83	**22.9**	4
2	BOB	79.50	85.47	62.90	57.16	56.79	**68.36**	1
3	HDFC	11.86	10.34	8.29	14.60	11.05	**11.23**	6
4	ICICI	14.86	13.39	12.59	12.23	9.51	**12.51**	5
5	PMC	44.54	61.88	99.81	56.01	52.08	**62.86**	2
6	Saraswat	49.66	61.26	32.06	32.06	35.41	**42.09**	3

(Source :- Secondary data)

Debt-Equity ratio: This ratio represents the degree of leverage of a bank. It shows how much proportion of the bank business is financed through equity and how much through debt. It is calculated by dividing total borrowings with shareholders' net worth. Higher ratio is an indication of less protection for the depositors and creditors and vice-versa. In this study the highest ratio is that of BOB and the lowest ratio is that of HDFC bank.

3) Advances to Assets

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	63.47	67.48	66.76	64.96	61.83	**64.9**	2
2	BOB	59.87	60.19	59.98	64.24	63.80	**61.62**	3
3	HDFC	63.15	62.63	60.64	74.93	72.65	**66.8**	1
4	ICICI	59.97	56.95	54.07	53.56	53.24	**55.56**	5
5	PMC	61.06	57.46	58.90	57.46	60.49	**59.07**	4
6	Saraswat	51.10	49.90	55.22	56.48	54.43	**53.43**	6

(Source: - Secondary data)

Advances to Total Asset ratio: It suggest that all the banks had more than 50% of their total assets as advances except which is highest bin case of HDFC bank followed by SBI followed by BOB respectively.

4) Government Securities to Total Investments

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	76.28	77.33	76.73	81.94	78.05	**78.06**	2
2	BOB	79.21	82.45	84.06	83.14	83.23	**82.22**	1
3	HDFC	73.28	79.14	76.06	74.57	71.10	**74.83**	5
4	ICICI	77.55	74.16	75.94	74.76	78.27	**76.14**	4
5	PMC	71.70	85.72	75.07	70.56	79.92	**76.59**	3
6	Saraswat	72.41	71.69	77.81	80.92	74.22	**74.41**	6

(Source: - Secondary data)

Government Securities to Total investment:
It shows that public sector banks had more than 70% of their investment as government securities, which is highly risk-free portfolio of investment. BOB and SBI had the highest government securities to investment ratio. Out of 6 banks, all were found to have positive ranking, which implies that a major part of its funds were diverted to risk-free securities.

Assets Quality
The table below depicts the four ratios under Asset Quality.

5) Gross NPAs to Net Advance

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	4.25	4.95	4.75	4.44	4.61	**4.6**	4
2	BOB	3.71	2.94	2.4	1.53	1.36	**2.39**	3
3	HDFC	0.93	0.98	0.95	0.92	0.97	**0.95**	1
4	ICICI	--	--	--	--	--	**--**	--
5	PMC	1.07	--	--	--	--	**1.07**	2
6	Saraswat	4.02	4.69	--	--	--	**4.36**	5

(Source: - Secondary data)

Gross NPAs to Net advances ratio: This ratio indicates the quality of the bank's loan assets and recovery of advances. HDFC Bank occupied the first rank, had the lowest Gross NPA. Most of the bank's loan assets and recovering activities were found to be better.

6) Net NPAs to Net Advances

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	2.12	2.57	2.1	1.82	1.63	**2.03**	5
2	BOB	1.87	1.52	1.28	0.54	0.35	**1.04**	4
3	HDFC	0.26	0.28	0.2	--	--	**0.25**	2
4	ICICI	--	--	--	--	--	**--**	--
5	PMC	0.45	0.19	0.18	0.16	0.47	**0.29**	1
6	Saraswat	0.67	--	--	--	--	**0.67**	3

(Source: - Secondary data)

Net NPA to Net Advance ratio: This ratio indicates the credit risk of the banks. PMC Bank had the lowest ratio, and SBI had the highest ratio.

7) Total Investments to Total Assets Ratio

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	SBI	24.17	22.24	22.40	23.37	24.15	**27.75**	2
2	BOB	17.10	17.60	22.18	18.60	19.92	**19.08**	6
3	HDFC	27.05	23.74	27.37	27.17	28.11	**26.69**	3
4	ICICI	28.87	29.76	31.92	33.68	33.14	**31.48**	1
5	PMC	21.41	25.40	23.89	20.06	21.08	**22.37**	5
6	Saraswat	22.20	25.17	23.68	22.77	24.84	**23.73**	4

(Source: - Secondary data)

Total investment to total assets ratio: This ratio indicates the asset pattern of the banks. ICICI bank has the highest rank, which shows its aggressive approach in investments made followed by SBI and HDFC Bank and ICICI Bank.

Management Efficiency

The tables below depicts the management efficiency of the banks

8) Total advances to Total Deposits

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	82.44	86.76	86.93	83.12	81.02	**84.05**	**3**
2	**BOB**	69.31	69.78	69.25	74.66	74.86	**71.57**	**4**
3	**HDFC**	85.14	85.92	83.50	84.20	86.97	**85.14**	**2**
4	**ICICI**	97.17	92.04	99.19	99.30	95.90	**96.72**	**1**
5	**PMC**	71.01	65.95	69.33	73.82	73.56	**70.73**	**5**
6	**Saraswat**	65.50	64.62	71.05	72.47	72.85	**69.29**	**6**

(Source: - Secondary data)

Total advances to deposits ratio: The advances to deposit ratio of all banks was more than 50%. ICICI had the highest rank, which shows its better efficiency among the other banks in terms of lending, further it implies the bank's ability of converting deposits into advances is efficient.

9) Business per Employee

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	74.12	85.26	101.54	112.74	131.86	**101.10**	**4**
2	**BOB**	111.75	109.97	186.06	159.39	133.37	**140.11**	**1**
3	**HDFC**	109.28	100.12	78.67	50.13	60.09	**79.66**	**6**
4	**ICICI**	110.39	92.84	93.91	87.38	77.58	**92.42**	**5**
5	**PMC**	105.56	178.97	153.56	122.54	102.88	**132.70**	**2**
6	**Saraswat**	106	105	125.95	111.98	118.24	**113.43**	**3**

(Source: - Secondary data)

Business per employee: It indicates the productivity of the bank. The public sector banks have an edge over the cooperative and private sector banks in terms of business per employee. The highest rank is occupied by BOB followed by PMC bank, SBI and ICICI bank. All the banks were marching towards improvement in their efficiency.

10)Profit per Employee

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	6.14	4.90	6.17	5.43	3.70	**5.27**	**5**
2	**BOB**	6.88	5.87	10.39	11.87	10.59	**9.12**	**3**
3	**HDFC**	14.02	12.85	9.99	6.43	6.34	**9.93**	**2**
4	**ICICI**	3.60	2.72	2.47	1.97	1.51	**2.45**	**6**
5	**PMC**	13.66	12.05	10.27	7.98	6.11	**10.01**	**1**
6	**Saraswat**	4.48	3.38	2.86	6.46	11.56	**5.75**	**4**

(Source: - Secondary data)

Profit per employee: In terms of Profit per employee, PMC Bank and HDFC Bank performance ratio is the highest which signals towards an increasing trend in managerial efficiency of these banks respectively.

Earning Quality

The tables below reveal the earning capacity of the banks.

11)Net Interest Margin (NIM) to Total Assets

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	3.16	3.17	3.34	3.85	3.42	**3.39**	**3**
2	**BOB**	2.31	2.36	2.66	2.97	3.12	**2.68**	**6**
3	**HDFC**	4.4	4.24	4.14	4.26	4.4	**4.29**	**2**
4	**ICICI**	3.48	3.33	3.11	2.73	2.64	**3.05**	**5**
5	**PMC**	4.29	4.05	4.06	5.28	4.04	**4.34**	**1**
6	**Saraswat**	2.41	2.79	3.3	3.47	3.52	**3.09**	**4**

(Source: - Secondary data)

Net Interest Margin to Total Assets: It is the difference between the interest income and the interest expended. It is expressed as a percentage of total assets. A higher spread indicates the better earnings given the total assets. In the study PMC bank is ranked first position followed by HDFC and SBI.

12)Net Profit to Average Assets / Return on Average Capital Employed

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	0.34	0.32	0.48	0.45	0.67	**0.45**	**3**
2	**BOB**	0.24	0.37	0.45	0.62	0.11	**0.36**	**4**
3	**HDFC**	0.96	0.96	1.19	1.34	0.24	**0.94**	**1**
4	**ICICI**	0.19	0.17	0.25	0.23	0.21	**0.34**	**5**
5	**PMC**	0.53	0.54	0.52	0.49	0.84	**0.58**	**2**
6	**Saraswat**	0.28	0.25	0.21	0.05	0.09	**0.18**	**6**

(Source: - Secondary data)

Net profit to Total Asset: This ratio reflects the return on assets employed or the efficiency in utilization of assets. It is calculated by dividing the net profits with total assets of the bank. Higher the ratio reflects better earning potential of a bank in the future. HDFC bank tops the table followed by PMC bank and SBI, whereas Saraswat bank is at the least position

13)Interest Income to Total Income

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	87.09	88.02	88.18	88.12	83.72	**87.02**	**2**
2	**BOB**	90.70	89.71	90.64	89.65	88.62	**89.87**	**1**
3	**HDFC**	84.14	83.68	83.40	88.03	91.0	**86.05**	**3**
4	**ICICI**	81.9	80	81.7	77.9	82.8	**80.86**	**5**
5	**PMC**	74.35	72.87	69.23	72.18	70.23	**71.77**	**6**
6	**Saraswat**	85.7	84.6	93.4	85.6	78.8	**85.62**	**4**

(Source: - Secondary data)

Interest income to total income: It is considered as prime source of revenue for banks. The interest income to total income reflects the capability of the bank in generating income from its lending business. From the study BOB tops the list followed by SBI and HDFC bank.

Liquidity

The tables below indicates the liquidity position of the banks

14)Liquid Assets to Total Assets

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	5.66	4.74	4.20	4.05	7.71	**5.27**	**2**
2	**BOB**	3.13	2.82	2.59	4.84	5.54	**3.78**	**6**
3	**HDFC**	4.53	5.04	3.59	3.27	4.40	**4.17**	**4**
4	**ICICI**	3.97	3.67	3.55	4.32	5.15	**4.13**	**5**
5	**PMC**	4.78	6.09	5.08	5.06	6.15	**5.43**	**1**
6	**Saraswat**	3.91	4.26	3.19	4.3	5.22	**4.18**	**3**

(Source: - Secondary data)

Liquid asset to total asset: This ratio measures the overall liquidity position of the bank. The liquid assets include cash in hand, money at call and short notice, balance with Reserve bank of India and balance with banks (India and Abroad). The total assets include the revaluation of all the assets. From the study PMC has the top position followed by SBI and Saraswat bank

15)Government Securities to Total Assets

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	18.43	18.20	18.19	19.15	18.85	**18.56**	**3**
2	**BOB**	13.55	14.51	18.65	15.46	16.58	**15.75**	**6**
3	**HDFC**	19.83	18.79	20.82	10.43	8.94	**15.76**	**5**
4	**ICICI**	16.62	16.12	17.86	18.45	16.00	**16.81**	**4**
5	**PMC**	19.64	19.78	19.32	18.17	18.95	**19.17**	**1**
6	**Saraswat**	18.30	18.05	18.43	18.43	20.92	**18.83**	**2**

(Source: - Secondary data)

Government securities to total assets: This ratio implies that the banks have enough funds invested in government securities. From the study PMC bank tops the list followed by Saraswat bank and SBI.

16)Liquid Assets to Demand Deposits

Sr.No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	93.02	75.02	58.42	54.92	71.95	**70.67**	**4**
2	**BOB**	42.59	37.22	37.70	74.80	85.88	**55.64**	**5**
3	**HDFC**	61.12	69.07	49.41	23.22	31.92	**46.75**	**6**
4	**ICICI**	70.95	65.74	65.11	80.08	92.67	**74.90**	**2**
5	**PMC**	68.53	86.76	76.23	88.42	93.92	**82.78**	**1**
6	**Saraswat**	66.59	73.35	55.19	74.92	98.22	**73.65**	**3**

(Source: - Secondary data)

Liquid asset to demand deposit: This ratio reflects the ability of bank to honour the demand from depositors during a particular year. In order to provide higher liquidity for depositors, bank has to invest these funds in highly liquid form. It is calculated by dividing the liquid assets with total demand deposits. From the study PMC bank tops the list followed by ICICI bank and Saraswat bank.

17)Liquid Assets to Total Deposits

S. No	Name of the bank	2010-11	2011-12	2012-13	2013-14	2014-15	Mean	Rank
1	**SBI**	7.35	6.09	5.47	5.18	10.11	**6.84**	**2**
2	**BOB**	3.64	3.27	2.83	5.63	6.50	**4.37**	**6**
3	**HDFC**	6.12	6.91	4.94	2.8	5.51	**5.25**	**5**
4	**ICICI**	7.09	6.57	6.51	7.8	9.26	**7.45**	**1**
5	**PMC**	5.6	6.96	5.98	6.50	7.48	**6.50**	**3**
6	**Saraswat**	4.60	4.84	5.9	7.2	9.3	**6.36**	**4**

(Source: - Secondary data)

Liquid asset to total deposit: This ratio measures the liquidity available to the depositors of a bank. It is calculated by dividing the liquid assets with total deposits. From the study ICICI bank tops the list followed by SBI and PMC bank.

6. Major Findings of the Study

The followings are the major findings of the research undertaken on performances of selected banks in the public, private and cooperative sector:

- Bank of Baroda has secured the top position in terms of capital adequacy.
- In terms of assets quality HDFC Bank has gained first position.
- ICICI Bank occupies the top most position in case of management efficiency but in terms of business per employee Bank of Baroda has the top position.
- In the context of earnings capacity Bank of Baroda ranks at first.
- Punjab Maharashtra bank is found at first position in terms of liquidity.

In terms of overall performance and performance consistency based on CAMEL's ratings, it is observed that Bank of Baroda under public sector banks as a whole perform better than selected private and multistate cooperative sector banks.

7. Conclusion

This paper is an attempt to study the financial performance of the selected public, private and multistate cooperative sector banks in India and to determine the factors that predominantly affect the financial performance of the Indian banking sector. It has been found that in terms of capital adequacy, Bank of Baroda, followed by ICICI and HDFC Bank, has the highest capital adequacy ratio and Bank of Baroda, followed by PMC Bank, has the highest debt-equity ratio. In terms of asset quality, ICICI, followed by State Bank of India, has the highest net NPAs-to-total advances ratio, and Bank of Baroda, followed by ICICI Bank, has the highest total investments-to total assets ratio. In terms of management capability, ICICI Bank, followed by HDFC and SBI, has highest total advances-to-total deposits ratio. PMC, HDFC and BOB Bank, in that order, are found to have higher profit per employee, and Bank of Baroda, PMC and Saraswat Bank, in that order, are found to have higher business per employee. In terms of earnings capacity, BOB, SBI, and HDFC have the highest return on assets ratio. In terms of liquidity, PMC, Saraswat followed by SBI, has the highest government securities-to-total assets ratio, and PMC, followed by State Bank of India and Saraswat bank, has the highest liquid assets to total assets ratio.

Thus in conclusion it can be said that on some parameters of camel model public sector banks have done well specially Bank of Baroda, in case of private sector banks both banks have considerably done well and in case of cooperative banks PMC bank has an upper hand as compared to Saraswat bank.

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