
PERFORMANCE ANALYSIS & EVALUATION OF USING CAMEL MODEL: A COMPARATIVE STUDY BETWEEN HDFC & AXIS BANK

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ABSTRACT

One effective method of determining the stability of an economy's financial sector is to evaluate the performance of the banking sector. This study aims to assess the financial stability and performance of a few selected private banks in India in 2023. The banking sector is essential to any economy because it spurs expansion and progress. Financial institutions must assess their performance as they navigate shifting economic conditions. This master's thesis uses the CAMEL model (Capital Adequacy, Asset Quality, Management Quality, Earnings, and Liquidity) to evaluate the performance of two prominent Indian private sector banks, HDFC Bank and Axis Bank, in great detail.

Here, the use of Composite Rankings, Average, and Covariance has resulted in a conclusion following a thorough and significant analysis of the several CAMEL criteria. Axis Bank is ranked first by the CAMEL analysis, followed by ICICI Bank. Kotak Mahindra took third place. Out of all the selected banks, HDFC Bank comes in fourth, and IndusInd Bank comes in last.

This study uses the CAMEL model to evaluate and analyze the performance of two of the top private banks in India, Axis Bank and HDFC Bank. Capital Adequacy, Asset Quality, Management Efficiency, Liquidity, and Earnings are often referred to as CAMEL. When evaluating the stability and soundness of a bank's finances, several elements are essential.

The research employs financial data to evaluate each bank's performance under the five CAMEL parameters. This allows for a comprehensive understanding of their strengths and weaknesses. The study aims to identify which bank exhibits better financial health based on the CAMEL ratings.

By comparing HDFC Bank and Axis Bank, the study sheds light on the competitive landscape of the Indian private banking sector. It reveals which bank demonstrates stronger capital adequacy, asset quality, management efficiency, liquidity, and profitability. This information can be valuable for investors, depositors, and policymakers in the Indian financial sector.

1. INTRODUCTION

The banking sector is an essential component of the financial system and is important to the expansion of national economies. According to Said and Tumin (2011), it encourages capital formation, innovation, and monetization while also facilitating monetary policy. The Indian banking industry has seen numerous changes as a result of the liberalisation process. Public sector banks have dominated the banking sector in India ever since the nation's major banks were nationalized by the government in 1969.

The global financial crisis of 2008 did not damage the Indian banking sector, but the ensuing recession (with the exception of 2009–2010) put strain on bank capital and profitability. Asset quality and efficiency metrics have improved for private sector banks, but these metrics have declined for public sector banks (Baru, 2010). A bank's sound financial standing and performance review are important for depositors, shareholders, staff, and the nation's economy as a whole since they establish the bank's capacity to compete in the industry and play a crucial part in the sector's growth.

It is critical to assess banks' overall performance through the application of a regulatory framework for banking supervision. The CAMEL rating system is one of these supervisory information measures that was implemented.

As the backbone of the economy, the banking industry is vital to India's financial system since it mobilises savings and directs them towards profitable ventures. Important financial services like deposit taking, lending, payment processing, and a range of investment products are all provided by banks. By giving a sizable portion of the populace access to banking services, they additionally significantly contribute to the advancement of financial inclusion. Furthermore, banks help the economy thrive by providing people and companies with the capital they need to grow and prosper. All things considered, the banking industry plays a crucial role in India's financial system by facilitating the effective distribution of capital and resources, which in turn promotes economic expansion and advancement.

The banking industry is one of the most important national market instruments. The banking sector has seen tremendous transformation as a result of market liberalization and economic reforms, which have ushered in a new era of banking and increased technological sophistication and competitiveness. Since then, every bank has put in countless hours to develop into a stable, profitable, and highly functional entity that plays a unique role in the national economy. The

financial system's stability is an indicator of the country's economic growth. Deregulatory measures in the practical and economic domains.

The primary financial intermediaries in India are its banks, which have fared well during the global financial crisis based on their yearly credit growth and profitability. The two types of growth mechanisms that are possible are organic and inorganic. Organic growth, sometimes referred to as internal growth, occurs when a company grows the next year by utilizing the revenue generated by its own operations. While this type of growth happens gradually over several years, companies want to develop faster. It is believed that external growth, commonly referred to as inorganic growth, is the quickest and most ideal form of expansion. Inorganic growth is the process by which a business grows through an acquisition or merger.

One plus one equals more than two, which is the main reason for the merger, and this rationale convinces the corporations to come together in trying times. Through mergers and acquisitions, businesses can benefit from increasing market share and cost efficiency. In order to grow their businesses and cut costs, banks are turning to mergers and acquisitions as a means of expanding their operations, gaining market share, growing more quickly, and creating economies of scale that will boost their competitiveness. Since many people in today's society lack even the most basic understanding of finance, they need to know how the banks are doing financially in order to make wise savings decisions. They might speak for the government, the populace at large, managers, investors, employees, owners, lenders, and clients.

2. OBJECTIVE

- The aim of this study is to examine the financial performance of Axis Bank and HDFC Bank over a five-year period.
- Assessing the Bank's solvency, profitability, liquidity, and efficiency in relation to its financial condition.
- To evaluate Axis Bank and HDFC Bank's financial results.

SWOT ANALYSIS OF AXIS BANK

Strengths: -

1. Axis Bank has declared itself to be among the top three fastest-growing banks in the private sector.
2. Based on 26 criteria, BT-KPMG rated Axis Bank as the best bank, while Financial Express placed it as the second-best bank.
3. The bank operates 8324 ATMs and 1493 domestic branches within a large network.
4. Axis Bank's widespread reach is demonstrated by the 971 cities and municipalities in which it operates.
5. The bank's financial position is expanding at a 20% yearly rate, which is a highly encouraging sign for the bank's operations.

Weakness: -

1. There are large disparities in corporate, retail, and wholesale banking treasury services; overseas branches account for just 8% of total assets.
2. Recent emphasis on rural areas and personal banking.
3. Many gaps exist in the performance and client outreach of financial products.
4. There are frequent fluctuations in investor confidence in Axis Bank, which might cause pain.
5. Fraudulent credit card approvals that lack appropriate document verification.
6. Adequate guidance for customer investments may not be provided by financial experts. Enhancing customer service is essential to effectively competing with other important companies in the business.

Opportunities

1. Purchasing to close the deficit.
2. 2009 partnership with Motilal Oswal for 10 million consumers' online trading.
3. Purchased Enam Securities PVT LTD, a brokerage and investment banking company, in 2010.
4. SEBI gave Axis Assets Management Co. permission to conduct mutual fund activity in September 2009.
5. The number of electronic transactions grew from 0.7 million to over 2 million.
6. Geographic growth into rural markets, where formal financing is unavailable to 80% of the population.
7. 46% rely on unofficial lending sources.
8. 24% of moneylenders are unlicensed.
9. There are currently 1493 branches instead of 339.

10.48 new branches opened around the country in the most recent quarter.

11. Because this is a new era in banking, there are many possibilities to have the most advanced technological banking solutions available when compared to the major corporations now operating in the market.

12. The assets of its foreign activities are growing at a far faster rate—9% each year.

13. The "everywhere teller machine" (ETM) idea from AXIS Bank was favourably welcomed in terms of attracting new customers in the personal banking industry.

THREATS

1. Since 2009, the Cash Reserve Ratio (CRR) has increased by 100 basis points at the Reserve Bank of India (RBI). This may have an effect on the liquidity that banks have available for lending and other uses.

2. The repo rate and reverse repo rate have also lately been increased by the RBI by 50 basis points on several occasions. The entire economy may be impacted if banks and consumers have to pay more to borrow money as a result.

3. Due to its ease of funding raising, Qualified Institutional Placements (QIPs) have grown in popularity and may draw investment away from traditional banking channels.

4. With the recent approval of up to 74% foreign bank investment in Indian banking, indigenous banks are facing more competition.

5. Government-owned banks like SBI, Punjab National Bank, etc. are largely responsible for servicing government schemes, which may limit the chances available to private banks.

6. Private banks that have greatly increased their customer base, such as ICICI and HDFC, are a danger to other banks because of their aggressive marketing techniques.

3. STRUCTURE OF AXIS AND HDFC BANK

ATTRIBUTES	AXIS BANK	HDFC BANK
Business Loans	Trade finance, project finance, Professional loans, Business loans, Term finance, and Loan against deposits.	Trade finance, project finance, Professional loans, Business loans, Term finance, and Loan against deposits
Cards	Credit cards, loyalty cards, remittance cards, corporate credit cards, debit cards, e-shop cards, and travel currency cards	Credit cards, loyalty cards, remittance cards, corporate credit cards, debit cards, e-shop cards, and travel currency cards
ACCOUNT TYPE	Term financing, business loans, professional loans, and loans secured by deposits.	Term financing, business loans, professional loans, and loans secured by deposits
BANK TYPES	Private	Private
PERSONAL LOANS	Among the loan programmes available for agriculture are home improvement loans, housing loans, commercial vehicle loans, consumer goods loans, education loans, four-wheeler loans, loans against deposits, loans against gold, loans against property, loans against shares, loans against vehicles, personal loans, and two-wheeler loans.	Home improvement loans, housing loans, loans for commercial vehicles, consumer goods loans, education loans, four-wheeler loans, loans against deposits, loans against gold, loans against property, loans against shares, loans against vehicles, personal loans, and two-wheeler loans are some of the loan programmes available for agriculture.
BUSINESS HOURS	Monday to Friday-9:00am-4:00pm, Saturday-9:00am-1:00pm	Monday to Friday-9:30am-4:00pm, Saturday-9:30am-12:30pm
INVESTMENT PRODUCTS	Bonds, equity, mutual funds, stocks, insurance, and fixed and flexible deposits	Bonds, equity, mutual funds, stocks, insurance, and fixed and flexible deposits

4. LITERATURE REVIEW

A country's economy is significantly impacted by its bankers. The general state of the economy is intimately related to the prosperity and stability of a nation's financial system. Using the CAMEL model, numerous academics have studied how well the banking industry performs in emerging nations. Kwan and Eisenbeis (1997) discovered that asset quality affects capital ratio reliability and is a frequently utilised risk indicator for financial institutions. According to their research, financial institutions' levels of capitalization directly affect how efficiently they operate; the more the capital, the more efficiently the institution operates.

Agarwal Pankaj K (2011) utilised the well-known CAMEL approach to assess how PSB performance compared to that of their private sector peers. According to the researchers' analysis, PSBs' capital adequacy is lower than that of private sector banks; nevertheless, their net nonperforming asset (NPA) performance does not significantly differ from that of private sector banks, and their asset quality is superior. Although private sector banks outperform PSBs in terms of liquidity, PSBs' management effectiveness and profitability performance are equivalent to those of private sector banks. Chaudhry and Singh (2012) examined how the financial reforms affected asset quality in order to determine how sound Indian banking was. According to the report, risk management, NPA levels, efficient cost control, and financial inclusion are the main factors.

A bank's profitability, which is frequently a crucial performance indicator, is mostly influenced by a number of internal and external factors. Bank size, capital, adopted risk management practices, costs, and diversity are among the internal factors that determine a bank's profitability (Goddard et al., 2004; Bodla and Verma, 2006; Molyneux and Thornton, 1992). Macroeconomic variables like GDP, interest rates, market concentration, and ownership, as well as industry structural variables like industry size and ownership, are examples of external factors that impact bank profitability (Athanasoglou et al., 2008; Chirwa, 2003).

For the years 1998 through 2007, Mathuva (2009) investigated the connection between profitability and the Capital Adequacy Ratio (CAR), Cost Income Ratio (CIR), and both. The study discovered that the profitability of the bank was impacted differently by capital sufficiency.

Ramya (2017) used the CAMEL technique to analyse the financial performance of the State Bank of India from 2012 to 2016. The analysis revealed that SBI needs to improve its position with respect to a few critical metrics, such as debt-to-equity, operating profit, and non-interest income to total income.

Singh (2017) examined Indian public and private sector banks' capital adequacy performance from 2006 to 2015. The audit stated that every bank, with the exception of the Central Bank of India, had good capital adequacy levels.

Rostami compiled a comprehensive list of frequently used indicators in 2015 after reviewing the CAMEL model variables' indicators as they were applied in different research. Future researchers looking to conduct studies on the financial performance of banks might use these metrics as a reference (Rostami, 2014:14–15).

Dr. Bhayani stressed in 2006 how crucial it is for India to restructure the banking industry in order to increase banks' productivity and profitability. He used the CAMEL model to examine the performance of recently established private sector banks in his study. Four of the top private sector banks were the subject of the study: ICICI, HDFC, UTI, and IDBI. The author graded the banks based on their performance after assessing them using the CAMEL characteristics. An overall ranking was then awarded. According to the study's findings, IDBI and UTI had the best combined performance among the banks.

The authors of "A CAMEL Model Analysis of Private Sector Banks in India," Gupta, R. & Kaur (2008), studied financial data for five years, from 2003 to 2007, in order to assess the performance of private sector banks in India using the CAMEL Model. Of the thirty Indian private banks, the top and bottom five banks were rated.

By using the CAMEL Model over a ten-year period from 1997–1998 to 2006–07, Suresh.V. (2008) provided a thorough analysis of the elements of the key indicators of profitability, non-performing assets, and financial performance of nationalised banks, SBI, and its associate banks based on secondary data. Relevant accounting ratios, statistical tools, and procedures were employed in this study. These included the coefficient of variation, the simple arithmetic mean, one-way ANOVA, multiple correlations, multiple regression, and trend analysis.

Gupta and Kaur (2008) ranked the top five and worst five Indian private sector banks based on their evaluation of their performance using the CAMEL model. The CAMEL model placed HDFC at the top of the list of private sector banks in India, closely followed by Tamilnad Mercantile Bank and Karur Vysya. Srinivas and Saroja (2013) compared the financial performance of HDFC Bank and ICICI Bank using the CAMEL framework. Although they could not find a statistically significant difference between the two banks' financial performance, they did conclude that ICICI Bank's performance was slightly worse than HDFC's.

Tripathi and Meghani (2014) conducted a study that compared the financial performance of private sector banks, Axis and Kotak Mahindra. The CAMELS analysis and t-test results show that there is no statistically significant difference between the financial performance of Axis and Kotak Mahindra banks; nonetheless, Kotak Mahindra bank's performance is slightly worse than Axis Bank's.

Garg and Kumari (2015) used ratio analysis and the ANOVA technique to look at the profitability of five large private banks from diverse points of view during a ten-year period, from 2004 to 2014. The experts came to the conclusion that HDFC Bank has performed exceptionally well during the previous ten years.

5. METHODOLOGY

Our main goal is creating a ranking system based on the five-year compound annual growth rate of CAMEL characteristics for a sample of public sector banks. These are the five CAMEL parameters: Capital Adequacy (C) Asset quality (A), management effectiveness (M), and Earning quality (E) L stands for liquidity.

This is analytical research with secondary data as its foundation. The information was obtained from HDFC Bank and Axis Bank's annual reports.

Financial ratios, the arithmetic mean, standard deviations, and coefficient of variation have all been used to analyse the data. The analytical framework is the CAMEL model, which offers a methodical and comprehensive evaluation of each bank's performance.

Data sources: Only secondary data is used in this study. This information was gathered from the RBI's official website, Money Control.Com, and the statistical tables about Indian banks that are accessible there. Annual reports from the individual banks for a range of years were also used.

6. SCOPE OF THE STUDY

An attempt has been made to quantify, assess, and contrast Axis and HDFC Bank's financial performance in this study. The study's foundation is secondary data that was gathered from websites, journals, papers, annual reports from reputable banks, and other published sources.

This study covers 5 years of data (2018 to 2022) pertaining to Axis and HDFC bank. All the data for 2023 were not available. Hence for analysis only until 2022 has been considered.

Camel Model studies the financial performance of banks through analysis of capital adequacy, asset quality, management efficiency, earning capacity and liquidity management aspects.

In a comparative analysis, the computed ratios for several parameters (CAMEL) between HDFC and Axis Bank are compared annually. Finding patterns and identifying places where one bank performs better than the other is the goal. Charts and graphs can be used to graphically convey this study and help the reader grasp the comparison.

The procedures used to evaluate and comprehend data are referred to as data analysis techniques. By computing averages, percentages, and measures of variability, among other significant data summaries and presentations, descriptive statistics are utilised.

Comparing several data sets in order to spot patterns or trends is known as comparative analysis. Statistical tests are used to determine whether there is a significant difference between variables or groups in a dataset. These techniques help researchers arrive at conclusions and make logical decisions based on the information they have obtained.

An explanation of the selected research design, such as a comparison or case study, entails giving a thorough rundown of the methodology and approach that will be applied in the study. If a comparative design is selected, for instance, the researcher will compare several groups, variables, or cases in order to examine parallels and discrepancies. In the event that a case study design is selected, the researcher will concentrate on a particular person, group, or circumstance in order to better comprehend the topic.

This justification aids in making sense of the research design's reasoning and its intended use in the study.

SCOPE OF THE STUDY:

The study only looks at private banks in India, and the performance and efficiency of each are assessed using CAMEL ratios to determine which bank is performing the best.

Therefore, analysis has only been done up to 2022. The Camel model analyses asset quality, management effectiveness, and capital adequacy to determine how well banks are performing financially. aspects of managing liquidity and earning capability.

LIQUID RATIO

BANK	2022	2021	2020	2019	2018	AVG	RANK
HDFC	19.48	18.77	17.58	16.62	16.61	17.812	1
AXIS	6.71	7.48	8.57	9.13	8.09	7.996	2

CURRENT RATIO

BANK	2022	2021	2020	2019	2018	AVG	RANK
HDFC	0.07	0.05	0.03	0.04	0.05	0.048	1
AXIS	0.08	0.09	0.08	0.09	0.08	0.084	2

CASH TO DEPOSIT RATIO

BANK	2022	2021	2020	2019	2018	AVG	RANK
HDFC	82	84.85	86.86	88.7	83.4	85.11	1
AXIS	61.37	68.97	73.32	73.35	73.79	70.16	2

From that, Liquidity ratio of HDFC bank is better than AXIS bank.

In the Current ratio HDFC bank has better ratio as compare to AXIS bank.

From Cash to Deposit ratio, HDFC bank has better than AXIS bank.

LIQUID ASSETS TO TOTAL ASSETS RATIOS

BANK	2022	2021	2020	2019	2018	AVG	RANK
HDFC	9.12	8.56	8.38	6.32	5.67	7.61	2
AXIS	7.12	6.89	7.32	8.52	8.4	7.65	1

The ratio of liquid assets to total assets shows what proportion of all assets are held in liquid assets. It may be argued that this liquidity covers the banks' current liabilities. This ratio demonstrates the extent to which the Bank favours liquidity. Greater bank liquidity is indicated by higher ratio values, whilst lower values imply less bank liquidity. In comparison to the 2018–19 fiscal year, the liquidity efficiency of all the chosen banks increased in the 2021–2022 fiscal year; AXIS fared better than any other bank that was taken into consideration, with an average LIQUID ASSETS TO TOTAL ASSETS ratio of 7.65.

LIQUID ASSETS TO TOTAL DEPOSITS RATIOS

BANK	2022	2021	2020	2019	2018	AVG	RANK
HDFC	15.63	14.69	12.23	9.65	8.61	12.162	1
AXIS	12.63	11.68	10.32	11.25	12.12	11.62	2

The percentage of total deposits kept as liquid assets is shown by the ratio of liquid assets to total deposits. Higher values of this ratio indicate higher bank liquidity, whereas lower values indicate lower bank liquidity. In contrast to the other chosen banks, HDFC has a higher average ratio (12.162) of liquid assets to total deposits. As a result, HDFC Bank has superior liquidity conditions in comparison to other banks.

Compared to the 2018–2019 fiscal year, the AXIS, BANKS's liquidity position has improved.

F) SENSITIVITY

The primary market risk influencing a bank's earnings is interest rate risk. It results from differences between the assets and liabilities of a bank with respect to maturity, rates, and frequency of repricing. The bank is subject to interest rate risk due to variations in these factors. A bank's net interest income would grow in response to an increase in interest rates because they normally have more assets than liabilities. In practice, however, a bank's assets and liabilities aren't always precisely matched. This implies that banks adjust their financial statements in response to the opportunities that are present in the market at any given time. They could modify their equity, obligations, and assets to capitalise on advantageous market circumstances. Each bank will have a different impact from a change in the yield curve's structure depending on the kinds of assets and liabilities they own. Banks usually declare their exposure to several types of market and nonmarket risks in their annual reports under the Management's Discussion and Analysis (MD&A) section.

Computation of the AXIS and HDFC composite ratio

It has been noted that SBI performed worse than HDFC in terms of the capital adequacy ratio and the overall advances to net assets ratio. It is limited to managing the debt-to-equity ratio. When it comes to the asset quality metric across all three ratios, HDFC performs better.

retain in contrast to AXIS.

This demonstrates how AXIS mishandled its asset management, putting all of its investors at risk. Compared to the other two ratios, AXIS has performed better in terms of management efficiency in the business per employee ratio. HDFC has effectively controlled both its ratio of total advances to total deposits and its earnings per employee. In all three of the parameters, HDFC outperformed AXIS in terms of earnings capabilities.

Table showing the Composite Ranking of sub parameter

Capital Adequacy	AXIS	HDFC
Capital Adequacy Ratio	2	1
Total Advances to Net assets ratio	2	1
Debt Equity Ratio	1	2
Composite	1.666667	1.333333
Rank	2	1
Asset Quality	AXIS	HDFC
Net NPA to Net Advances Ratio	2	1
Total investment to total assets ratio	2	1
Net NPA to Total Assets Ratio	2	1
Composite	2	1
Rank	2	1
Management Efficiency	AXIS	HDFC
Total Advances to total deposits ratio	2	1
Business per Employee	1	2
Profit per employee	2	1
Composite	1.666667	1.333333
Rank	2	1
Earnings Capability	AXIS	HDFC
Net Interest Margin	2	1
Net profit margin ratio	2	1
Return on net worth ratio	2	1
Composite	2	1
Rank	2	1
Liquidity Capability	AXIS	HDFC
Liquid ratio	2	1
Current ratio	1	2
Cash Deposit Ratio	2	1
Composite	1.666667	1.333333
Rank	2	1
Liquid Assets to Total Assets	1	2
Liquid Assets to Total Deposit	2	1

Overall Bank Performance:

When compared to HDFC, AXIS has won the second position based on every CAMEL Model parameter. This shows unequivocally that AXIS needs to improve its weak areas in order to score higher on the CAMEL Model, even though it is maintaining a strong capital adequacy ratio, asset quality, management effectiveness, and earnings stability. Specifically, AXIS needs to focus on improving its liquidity. The following tables indicates that:

	HDFC	AXIS
C	1	2
A	1	2
M	1	2
E	1	2
L	1	2
Mean	1	2
Rank	1	2

Alternative Hypothesis is accepted. There is significant between difference in performance HDFC and AXIS Bank assessed by CAMEL model.

The ratios of liquid assets to total assets and liquid assets to total deposits show that HDFC bank performs the best. In terms of Return on Equity and Net NPA to Total Advances, HDFC Bank performs the best. In terms of capital adequacy ratio, HDFC Bank has performed the best. In terms of performance, AXIS is ranked lowest while HDFC is ranked highest based on the ratios that were chosen from the CAMEL MODEL.

7. FINDING OF THE STUDY

Capital Adequacy: -

The CRAR ratios of the selected banking companies differ statistically significantly, according to the investigation. Furthermore, the CRAR ratio of the financial companies included in the study varies in a statistically significant way.

When compared to AXIS, HDFC Bank is trailing behind in the debt equity ratio category under the capital adequacy ratio. Thus, HDFC must adjust this position. With regard to the research's banking companies, HDFC Bank had the highest average CRAR ratio. With regard to the research's banking companies, AXIS Bank exhibited the least average CRAR ratio.

Assets Quality: -

The study's sample of banking organisations reveals a statistically significant variation in their gross non-performing assets (NPA) percentage. The study's sample of banking organisations shows a statistically significant variation in their gross non-performing asset ratio.

Better asset creation is unquestionably the focus of the Asset Quality AXIS. The time period chosen for the investigation likewise exhibits the prior NPA effect. The survey found that HDFC Bank has the highest average gross non-performing asset ratio among the financial institutions.

The financial company with the lowest average gross net present value (NPA) ratio among those participating in the survey was AXIS Bank.

Management Quality: -

A statistically significant variation in the credit-deposits ratio was observed in the study's sample of banking businesses; however, no statistically significant variation in the credit-deposits ratio was identified in the study's sample of banking firms.

In comparison to AXIS, HDFC's Management Efficiency Ratio requires revisions to the way employee roles and responsibilities are designed.

The survey's sample of banking organisations revealed that HDFC Bank had the greatest average credit-deposit ratio. Out of all the banks included in the analysis, AXIS Bank has the lowest average credit-deposits ratio.

Earning: -

Among the banking companies chosen for the study the difference between operating profit and the average working fund ratio is statistically significant. Additionally, there is a statistically significant difference in the operational profit to average working fund ratio among the banking organisations selected for the study.

In terms of earnings capabilities, HDFC outperforms AXIS in each of the three ratios that reflect the bank's business earnings. According to the survey, among the chosen financial institutions, HDFC Bank has the highest average operating profit to average working fund ratio. Of the financial institutions in the survey, Punjab National Bank has the lowest average operating profit to average working fund ratio.

Liquidity: -

The ratio of liquid assets to total assets in the study's sample of banking firms showed a statistically significant difference; however, the ratio between the study's sample of banking companies in the public and private sectors did not show a statistically significant difference.

HDFC's liquidity ratio, which has earned the second place, suggests that the current ratio needs to be enhanced. This demonstrates that its current obligations are more than its current assets. Of all the banks in the research, AXIS Bank had the highest average ratio of liquid assets to total assets. Out of all the banking institutions included in the analysis, HDFC Bank has the lowest average ratio of liquid assets to total assets.

8. CONCLUSION

A robust and dynamic economy depends on a stable financial system. The primary element of the Indian financial system, which is essential to the nation's economic growth, is the banking industry. The current study examines and contrasts the financial results of AXIS with HDFC, a private sector bank. The CAMEL model served as the basis for the analysis. This model is an important tool for evaluating a bank's relative financial strength and for recommending the necessary actions to strengthen a bank's deficiencies. The CAMEL model is a ratio-based methodology to assess banks' performance. An explanation of the several ratios that can be used to assess the financial performance of the banking industry.

The analysis shows that both banks are operating profitably and upholding the necessary standards. In summary, HDFC Bank, a private sector bank, outperformed AXIS Bank during the study period across all CAMEL model criteria, including capital adequacy, asset quality, managerial efficiency, earning capacity, and liquidity.

A useful tool for evaluating and comprehending the stability and financial health of banking organisations is the CAMEL model performance study of particular banks. The CAMEL model provides a methodical approach to capital adequacy through the thorough assessment of five essential factors: asset quality, earnings capability, management efficiency, capital adequacy, and liquidity.

evaluate and contrast banks' performance. A system based on ratios for evaluating banks' performance is the CAMEL model. An explanation of the several ratios that can be used to evaluate the banking sector's financial performance. It makes insightful information that will help them make wise choices and support the long-term viability of banking institutions.

9. REFERENCES

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