Связь показателей фондовооруженности и фондоотдачи осуществляется через расчет коэффициента производительности труда ($К_{прт}$), который рассчитывается по формуле

$$К_{прт} = \frac{О_{вп}}{ЧР_{сп}}.$$

То есть между всеми тремя основными коэффициентами существует такая связь:

$$К_{фо} = \frac{К_{прт}}{К_{фв}}.$$

Чтобы повысить эффективность использования ОС, необходимо позаботиться о том, чтобы рост объемов выпущенной продукции опережал рост затрачиваемых на основные средства средств.

Основные средства – это такие товарно-материальные ценности, которые в течение длительного периода времени сохраняют свою вещественно-натуральную форму, изнашиваются постепенно и переносят свою стоимость на готовую продукцию или услуги по частям.

Основные средства – важнейшая и преобладающая часть всех фондов в промышленности (имеются в виду основные и оборотные фонды, а также фонды обращения). Они определяют производственную мощь предприятий, характеризуют их техническую оснащенность, непосредственно связаны с производительностью труда, механизацией, автоматизацией производства, себестоимостью продукции, прибылью и уровнем рентабельности.

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STUDY ON FINANCIAL PERFORMANCE OF SELCTED BANKS THROUGH CAMELS MODEL IN INDIA

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Banking sector is one of the fast-growing sectors in India and it plays a vital role inpresent economic system also. So, investors want to evaluate the performance of Bankingsector to know the risk – return factors as well as factors affecting the performance of the banks. To evaluate the performance of banking sector, in the present study CAMEL model isused. This study analyzes financial health of three selected Indian banks, SBI bank, HDFC bank, AU small finance Bank through CAMELS model. The data were collected for a period between 2017 to 2022. It reveals the effect of each parameter (Capital Adequacy, Asset Quality, Management Efficiency, Earning Quality, Liquidity, Sensitivity) on the profit generating capacity of bank.

Keywords: CAMELS Approach, Capital Adequacy, Asset Quality, Management Efficiency, Earning Quality, Liquidity, Sensitivity.

The Camel model is a rating system to analyze banking performance. It is an effective tool to measure the financial status of the bank and to suggest relevant solutions in subject to improve them. Camel framework was originally developed in the U.S. by three banking supervisory (the Federal Reserve, the FDIC, and the OCC) in order to examine the bank's health. Under this system, each banking institution is evaluated by on-site examination on the basis of five now (six) critical dimension which is referred as the components of the CAMELS approach. These are Capital Adequacy (C) to assess a bank’s ability to absorb losses and maintain sufficient capital buffer to cover up potential risk, Assets quality (A) to examine the quality of bank’s assets and thee level of credit risk and its loan portfolio, Management efficiency (M) to evaluate the quality of bank’s management and their ability effectively bank’s operation and risks, Earning quality (E) to assess bank’s profitability and ability to generate sufficient earnings to support its operations and capital requirements, Liquidity (L) to evaluate bank’s ability to meet its short term and long term funding needs and maintain sufficient liquidity in times of stress and Sensitivity to market risk (S) to assess a bank’s exposure to market risk and its ability to manage fluctuation in interest rates, exchange rates and other market factors. Each of these components is assigned a rating on a scale of 1 to 5, with 1 being the best rating and 5 being the worst rating. The overall CAMELS rating for a bank is calculated by averaging the ratings for each of the six components.

The objective of this study is to assess the financial health of selected Indian banks, analyze their capital adequacy and asset quality, assess their returns and management effectiveness, determine their liquidity, review their compliance with prudential standards, identify areas of unsatisfactory operational performance and propose measures. improve their financial health and productivity.

The Indian banking sector plays a crucial role in the country's economic growth and development. However, in recent years, there have been concerns regarding the financial health of certain banks. It is therefore essential to assess the financial performance of selected Indian banks to identify areas of strength and weakness. There is a lack of research on the application of the CAMELS model to the Indian banking sector. Therefore, this study aims to analyses the financial performance of selected Indian banks through the CAMELS model to identify areas for improvement and promote greater transparency and accountability in the Indian banking sector.

The banks selected for this study are from different sectors as, State bank of India (Public sector bank), HDFC bank (Private sector bank), AU small finance bank (Small finance Bank). For these banks data has been evaluated for the time period between 2017 to 2022. The study is based on collection of secondary data from official websites of selected banks, and the Reserve bank of India.

The tool of this presented study is the parameters of CAMELS model on which banks are evaluated. Each component of CAMELS has considered sub ratios to measure the performance as per the standard norms stated by Basel III committee. Under Capital Adequacy (C) Capital-to risk weighted asset ratio (CRAR), for Asset Quality (A) Net NPA to Advances ratio, for Management Efficiency(M) Return on Equity, for Earning Quality(E)Return on Asset, for Liquidity(L) two ratios are considered viz, Total Advances to Total Deposits ratio and Current Assets to Total Asset ratio. For measuring the sensitivity(S) Total Securities to Total assets ratio is considered.

Ranking mechanism for each component is based on an average of data for selected time period. Then the averages are measured with the standard norms given by the Basel III committee and the ratings from 1 to 5 accordingly. To get the overall output from the data of the banks a composite ratings has been allotted by assigning the weightage to each components. For C – 20 %, A – 20 %, M – 25 %, E – 15 %, L – 10 %, S – 10 % weightage is given. The ratings for individual components multiplied with the weightage for assigning composite ratings to each bank. And based on composite rantings the components affecting the profitability and smooth functioning of banks are evaluated.

From this study these are the results drawn. For SBI bank it has got 5^{th} rank in Management efficiency and sensitivity to market which indicates the need for bank to work on its management and to improve their performance in the market. Capital adequacy and liquidity has got the 1 ratings which indicates strong performance of bank in maintaining their equity capital and the liquidity for carrying out the short-term tasks. For the Asset quality it has an average rating of 2 which shows that there is still the scope of improvement, also Earning quality has 4th rating which shows poor performance in the area of returns of earnings and the need of efficient use of assets by the bank for earning more profit. SBI has got 3 as composite rating which is calculated by using an average of each parameter's individual ratings. Rating 3 in CAMELS model indicates risk management practices and controls for market risk are not fully commensurate with the size and sophistication of the credit union or the level of market risk it has accepted.This rating shows that the SBI bank is an average performing bank and they have to be engrossedon improving their management efficiency and sensitivity in market, whereas focusing on upgrading their areas of strength which are capital adequacy and liquidity.

From the study it is seen that HDFC bank has got composite ranting of 2.5 which indicates their risk management practices and controls for market risk are satisfactory for the size and sophistication of the credit union and the level of market risk it has accepted. This rating also indicates that the bank good performing bank as per the rating standards of CAMELS model. The composite ranting is calculated using an average of each parameter's individual ratings. Bank hasan average rating of 1 in capital adequacy, Asset quality and Earning quality which indicatesthe efficient use of assets, enough capital for absorbing any uncertain risk and high-quality assets held by the bank. In Liquidity it has an average rating of 2 which signifies the good level of maintained liquidity in the bank. For the sensitivity parameter it has ranking of 5 which shows the poor performance of bank within the market. In a nutshell, capital adequacy, Asset quality and Earning quality are the areas of strong performance for bank and the sensitivity is their area of weakness which if improved, then it can result in generating more profit.

Accordingly, AU small finance bank has got overall rating of 2 which indicates their strong performance and financial stability of the bank. It has an average rating of 1 in three parameters; capital adequacy, asset quality and Earing quality which indicatesefficient use of assets, sufficient capital to absorb any uncertain risks and quality assets held by the bank. For the Management efficiency and sensitivity, it has an average rating of 3 which indicates the average performance in the area of management efficiency and their performance in the market. For the Liquidity it has an average rating 5 which indicates the strong need for them to improve the liquidity in the bank. Overall, the bank has given the rating of strong performance, but bank should focus more on the liquidity, Management efficiency and sensitivity which their areas where improvement is needed. While capital adequacy, asset quality and Earing quality are the areas of strength. By focusing on the areas of improvement, bank have the opportunity to increase their profit earning potential.

Here it can be concluded that even though the selected banks are well-performing in their respective sectors, there still is the scope improvement. By measuring the financial health of selected Indian banks through CAMELS model, the aim of identifying the areas of strength and weakness of respective banks is achieved. Also, if any other individual or institution aspires to check the banks performance, CAMELS model mechanism will be helpful when it comes to the fundamental analysis of any bank.

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