

ABSTRACT

Banking sector is one of the fastest growing sectors and been one of the most preferred avenues of employment in India. Today's banking sector is becoming more complex. Today, banks have diversified their activities and are getting into new products and services that include opportunities in credit cards, consumer finance, wealth management, life and general insurance, investment banking, mutual funds, pension fund regulation, stock broking services, custodian services, private equity, etc. Further, most of the leading Indian banks are going global, setting up offices in foreign countries, by themselves or through their subsidiaries. Performance evaluation of the banking sector is an effective measure and indicator to check the soundness of economic activities of an economy. Evaluating Indian banking sector performance is not an easy task. There are multiple factors to be considered, while differentiating good banks from bad ones. To evaluate the performance of banking sector the CAMEL model has been used which measures the performance of banks from each of the important parameter like Capital Adequacy, Assets Quality, Management Efficiency, Earning Quality and Liquidity. After deciding the model, the performance of 42 public and private sector nationalized banks is evaluated over a period of five years (2009-2013). According to the importance of study each parameter is given equal weights. Results shown that on an average Andhra bank was at the top most position followed by bank of Baroda and Punjab & Sindh Bank. It is also observed that Central Bank of India was at the bottom most position.

Keywords: CAMEL approach, public and private sector banks