IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668
PP 48-54
www.iosrjournals.org

A Camel Model Analysis of Scheduled Urban Co-operative Bank in Surat City–A case study of Surat People's Co-operative bank

Prof. Krupa R. Trivedi, M.Com., M.Phil.
Assistant Professor & Research Scholar, Evening Commerce College, Adajan, Surat

Abstract: *The Indian banking sector is a backbone of the Indian economy therefore it should be supervised more closely than any other business unit. Indian banking sector widely includes co-operative, commercial, nationalized, private and international banks in its fold. In a present study an attempt is made to evaluate the financial performance of the only scheduled Urban Co-operative Bank in Surat City namely Surat People Co-operative Bank using a CAMEL model. CAMEL model is basically an approach widely used to measure the performance of banking unit in and outside India. This model measures the performance of financial institution especially banks, from all the important parameter like Capital Adequacy, Assets Quality, Management Efficiency, Earning Quality and Liquidity. The study is based on secondary data drawn from the annual reports of Surat Peoples Co-operative Bank. For the purpose of evaluation the data of 10 years are analyzed by calculating 28 ratios related to CAMEL Model. Statistical tools like average, standard deviation and coefficient of variation is also calculated. It is found out that overall state of capital adequacy of SPCB was satisfactory. As far as loan portfolio is concern, the overall state of assets quality was also good. The management efficiency was also satisfactory. Overall earning capacity of the bank was not bad but the overall state of liquidity was not satisfactory.*

Key Words: *Scheduled Urban Co-operative Banks, financial performance, Camel Model, Surat Peoples Co-operative Bank.*

INTRODUCTION:

In India the economic growth of Indian economy flourished with the introduction of the era of LPG (generally known as liberalization, privatisation and globalization). "Financial sector in general and banking sector in particular is one of the vital ingredients for the economic development of the country. A resilient and vibrant banking system is very crucial for sound and accelerated economic growth." For this reason it can be said that the growth of the economy depend on financial soundness of banking sector. Supervision of banking unit can help to make them financially sound. CAMEL model of rating was first developed in the 1970s by the three federal banking supervisors of the U.S (the Federal Reserve, the FDIC and the OCC) as part of the regulators' "Uniform Financial Institutions Rating System", to provide a convenient summary of bank condition at the time of its on-site examination. The banks were judged on five different components under the acronym C-A-M-E-L: Capital adequacy, Asset quality, Management efficiency, Earning quality and Liquidity.

The Surat People's Co-operative Bank Ltd. Established in 1922 is serving to the people of Surat since last 90 years. It is having network of 23 computerized branches, out of which 21 are at Surat, 1 at Vapi and 1 at Navsari. The Surat People's Co-operative Bank is the "First Registered Urban Co-operative Bank" of India and among the first 13 Co-operative Banks to get the "Scheduled Bank" Status. Not only this, it is also the first Bank to provide the "Depository Participant Services" in South Gujarat. The Surat Peoples co operative bank – "the most famous bank of south Gujarat" has successfully completed 90 decades and empowered by entering in 91st year. In the span of 90 years, the bank has recorded a number of achievements in various fields of operations. In this case study several ratios related CAMEL Model are calculated to measure the financial performance of Surat Peoples Co-operative Bank.

PURPOSE OF RESEARCH:

Urban co-operative bank comes under primary co-operative societies at the base level of the three tired pyramidal structure. The urban co-operative banks are the only institutions in co-operative credit structure which are very helpful to meet the requirement of small farmers and small scale industrial concerns as UCBs are formed on the principle of co-operation. Thus, right from their establishment, UCBs are solving the economic problems of lower middle income group of people and thereby contributing to the economic development of the country.

However, the failure of 2 Scheduled Urban Co-operative Banks named “MADHAVPURA MERCANTILE CO-OPERATIVE BANK” of Ahmedabad and “ANNYONYA CO-OPERATIVE BANK” of Vadodara in the co-operative sector has made an adverse impact on the mind of costumer as well as on the functioning of scheduled urban co-operative banks also. A need at the present juncture has therefore created the necessity to study the financial Performance of scheduled urban co-operative banks.

OBJECTIVES OF THE STUDY:

The main objectives of the research study are as follows:

- To analyse the Capital Adequacy of Surat Peoples Co-operative Bank.
- To analyse the Assets Quality of Surat Peoples Co-operative Bank.
- To analyse the Management Efficiency of Surat Peoples Co-operative Bank.
- To analyse the Earning Capacity of Surat Peoples Co-operative Bank.
- To analyse the Liquidity of Surat Peoples Co-operative Bank.

RESEARCH METHODOLOGY

The study is descriptive in nature and it is based on secondary data drawn from the annual reports of the SPCB. For the purpose of analysis, the evaluation is done by using CAMEL parameters, the latest model for financial analysis of banks. For applying this model, five main dimensions of the performance (Capital adequacy, Assets quality, Management capability, Earning capacity and Liquidity) are assessed using ratio analysis. For that purpose the financial ratios are divided into five main categories.

C	**Capital Adequacy Ratios**	(i) Capital Adequacy Ratio, (ii) Debt -Equity Ratio, (iii) Proprietary Ratio, (iv) Interest Coverage Ratio, (v) Total Advances to Total Assets Ratio, (vi) Government Securities to Total Investment ratio.
A	**Assets Quality Ratios:**	(i) Net NPA to Net Advances, (ii) Gross NPA to Net Advances, (iii) Loan Loss Cover, (iv) Total Investments to Total Assets Ratio.
M	**Management Capability Ratios:**	(i) Expenditure to Income Ratio, (ii) Total Advances to Total Deposits Ratio, (iii) Assets Turnover Ratio, (iv) Diversification Ratio, (v) Earning Per Employee, (vi) Business Per Employee.
E	**Earning Ratios**:	(i) Return on Assets, (ii) Return on Equity, (iii) Spread Ratio, (iv) Net Interest Margin, (v) Operating Profit to Working Fund Ratio, (vi) Interest Income to Total Income Ratio.
L	**Liquidity Ratios:**	(i) Current Ratio, (ii) Quick Ratio, (iii) Liquid Assets to total Assets Ratio, (iv) Liquid Assets to Total Deposits Ratio, (v) Government Securities to Total Assets Ratio,

		(vi) Investment to Deposits.

Three statistical techniques i.e. Mean, Standard Deviation and Co- efficient of variation have also been used as supportive techniques.

SCOPE OF THE STUDY:

The scope of the study is limited as it covers only one scheduled Urban Co-operative Bank named Surat Peoples Co-operative Bank. To check the financial position of this bank, the data of 10 years from the co-operative year 2002-03 to 2011-12 are considered.

DATA ANALYSIS AND INTERPRETATION:

Capital Adequacy

In the volatile economic environment the capital is the only protection that any of the banks can have with them. By using their capital, banks can honor their obligations even in a case of financial crises or breakdown. Therefore depositors are keen to know the risk perception of the institute. Capital adequacy decides to a great extent that how well a bank can cope with the unexpected losses. Following ratios has been taken into consideration to judge the capital adequacy of SPCB in Gujarat State.

Table :1 Capital Adequacy of SPCB

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	Mean	S.D	C.V
1. CAR (%)	22.69	25.45	28.00	27.00	22.13	19.85	21.98	22.05	20.27	20.18	22.96	2.74	11.94
2. D/E (Times)	235.18	212.89	170.90	166.03	171.09	193.21	204.73	226.02	196.28	239.09	201.54	25.50	12.65
3. Propritary(%)	21.92	22.70	26.12	25.68	23.99	22.63	23.02	21.20	22.77	20.84	23.09	1.65	7.14
4. OP/Int. (Times)	0.55	0.63	0.57	0.76	0.41	0.55	0.41	0.32	0.53	0.41	0.51	0.12	23.83
5. Adv/Ast (%)	39.76	35.33	39.50	35.50	40.76	44.37	43.23	42.65	51.01	49.06	42.12	4.88	11.58
6. G-Sec/Inv (%)	55.90	63.73	76.10	62.93	57.36	60.92	73.12	73.06	57.43	67.74	64.83	6.95	10.71

Table 1 clearly reveals that average ***CAR*** was far above the standard norms of 9.00% which is appreciable. Apart from that the CAR remained above 20.00% all through the study period. The average **Debt – Equity ratio** was too above the ideal of 100 times which reveals that long term debt of the bank was 2 time the shareholders' equity. The average ***Proprietary ratio*** was 23.09% which is also worth appreciable. ***Interest Coverage Ratio*** registered very fluctuating trend during the entire study period. It increased from 0.55 times in 02-03 to 0.63 times in 03-04. The average ICR of 0.51 times disclose that the bank was not able to generate good proportion of operating income to beat its obligations and to that extent the bank may not be considered as solvent. The ***Total Advances to Total Assets Ratio*** is a measure of a bank's aggressiveness in lending. The average total advances to total assets ratio revels that the management of SPCB had been effective to convert its deposits into loans and advances which is quite appreciable. ***Government Securities to Total Investments Ratio*** measures the amount of risk free assets invested by a bank in government securities as a percentage of the total investments held by the bank. . It the beginning of the study, the ratio increased from 55.90% in 02-03 to 76.10% in 04-05 as the amount of government securities increased considerably. In the year 05-06 the ratio decreased to 62.93% from 76.10% in 04-05 in spite of the increment in the amount of government because the amount of total investment. The average government to total investment ratio of 64.83% indicates that the banks have shown concern on investing much amount of investment in government securities.

ASSETS QUALITY:

The term 'assets quality' and its management determines to a great extent the growth and profitability of a firm. This is because, the deteriorating value of assets directly also affects other areas because the loan losses are generally written off against capital. Apart from this it also hampers profitability as the provision has to be made on Gross NPAs. So at the end of the day quality of assets jeopardizes the earning capacity of the bank. The following ratios were calculated to judge the assets quality of the SUCBs of Gujarat state.

IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668
PP 48-54
www.iosrjournals.org

Table : 2 Assets Quality of SPCB													
	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	Mean	S.D	C.V.
1. N.NPA/N.Adv. (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2. G.NPA/N.Adv.(%)	16.12	17.53	14.09	10.18	6.54	5.08	5.06	3.12	1.71	1.31	8.07	5.71	70.71
3. Provision coverage(%)	23.05	27.96	22.91	31.05	6.68	7.76	5.51	9.29	26.82	33.08	19.41	10.34	53.27
4. T.Invst/T.Adv (%)	48.24	53.42	49.17	54.66	49.49	43.97	46.54	46.59	38.64	40.42	47.11	4.85	10.29

Table 2 indicates that Net ***NPA to Net Advances ratio*** remained at 0.00% throughout study period as the amount of net NPAs was 0.00 lacs all through the study period which is quite appreciable as it clearly indicates that the management of above SUCBs is very effective in providing loans to the customers. ***Gross NPAs to Net Advances ratio*** is a measure of the quality of assets in a situation, where the management has not provided for loss on NPAs. This ratio reveals decreasing trend throughout the study period except the year 03-04 in which it increased from 16.12% in 02-03 to 17.53% in 03-04. Ultimately the ratio went down to 1.31% in the year 11-12. The average ratio remained on 8.07% which is appreciable. ***Provision coverage ratio*** is the measure that indicates the extent to which the bank has provided against the troubled part of its loan portfolio. The worst condition was found regarding provision coverage ratio as it remained far below the generally accepted standards as well as the consolidated average. The ratio depicted fluctuating trend during the entire study period. ***Total Investment to total assets ratio*** is a standard measure to know the percentage of total assets locked up in investments. The average total investments to total advances ratio was 47.12% which clearly reveals that the bank invested approximately half of its assets in investment.

MANAGEMENT EFFICIENCY:

Sound management is one of the most important factors behind Performance of any bank. Management efficiency of bank includes its administrative ability to react in diverse circumstances. The term management efficiency involves the capability of management in generating business and in maximizing profits. To analyse the possible dynamics of management efficiency affecting the financial performance of the banks, the following six ratios are calculated in the present study.

Table : 3 Management Efficiency of SPCB													
	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	Mean	S.D	C.V
1. Expen/Inc (%)	71.11	69.88	73.44	67.36	80.27	73.85	78.12	81.69	73.18	78.46	74.74	4.48	5.99
2. TA/TD (%)	53.98	48.12	56.54	49.87	57.89	60.66	59.02	56.30	70.01	65.20	57.76	6.23	10.79
3. Ast Turn(times)	0.12	0.10	0.10	0.09	0.08	0.09	0.09	0.08	0.09	0.09	0.09	0.01	11.83
4. Diversification (%)	9.41	10.82	5.63	10.87	4.53	4.87	3.91	4.37	5.57	2.87	6.29	2.80	44.54
5.EPE (Rs.)	1.93	2.58	1.82	2.16	1.41	2.33	2.77	2.08	3.17	2.56	2.28	0.48	21.25
6. BPE(Rs.)	202.34	218.17	211.78	239.31	285.69	350.69	369.60	445.28	489.11	587.67	339.96	126.08	37.09

Table 3 clearly states that the average ***operating expenditure to operating income ratio*** was 74.74% which indicates that out of 100 Rs of operating income bank's operating expenses is 74.74 Rs. Total advances to total deposits ratio is a measure of bank's competence to convert the deposits available with the bank into high earning advances. This ratio registered decreasing trend for the first four years of the study period while afterwards it reveals fluctuating trend. The average total advances to total deposits ratio was 54.47%. ***Assets turnover ratio*** indicates the total revenue earned for every rupee of assets that bank owns. The ratio decreased from 0.12 times in 02-03 to 0.10 times in 03-04. In the year 06-07 the ratio decreased from 0.09 times in 05-06 to 0.08 times as the amount of total assets rose at higher rate than that of net income. The average assets turnover ratio remained on 0.09 times. ***Diversification ratio*** is the measure of banks income other than the interest income in total income. This ratio reveals fluctuating trend for the entire study period. The ratio decreased from 10.82% in 03-04 to 5.63% in 04-05. Subsequently the ratio decreased from 10.87% in 05-06 to 4.53% in 06-07 as on one hand the amount of non interest income decreased from 975.51 lacs in 05-06 to 407.60 lacs in 06-07 while on the other hand the amount of total income increased minutely from 8973.97 lacs in 05-06 to 8994.60 lacs in 06-07. The average diversification ratio was 6.29%. ***Earning per employee ratio*** indicates the average profit generated per person employed by a bank. This ratio showed fluctuating trend throughout the study period. The ratio increased from Rs. 1.93 lacs in 02-03 to Rs. 2.58 lacs in 04-05 as on one hand the amount of net profit increased from 920.15 lacs in 02-03 to 1207.50 lacs in 03-04 while on the other hand the number of employees decreased from 477 in 02-03 to 468 in 03-04. Subsequently again in the year 05-06 the ratio increased form Rs. 1.82 lacs in 04-05 to Rs. 2.16 lacs. Ultimately the ratio decreased from Rs.3.17 lacs in 10-11 to Rs.2.56 lacs in 11-12. The average earning per employee ratio was Rs. 2.28 lacs. ***Business per employee ratio*** indicates the efficiency of bank in terms of doing business with lesser number of employees. Total business per employee ratio reveals constant increasing trend for the entire study period except the year 04-05 in which it decreased from Rs. 218.17 lacs in 03-04 to Rs. 211.78 lacs in 04-05. In the year 09-10 the ratio increased from Rs. 369.60 lacs in 08-09 to Rs. 445.28 lacs. The average business per employee ratio was Rs. 339.96 lacs.

EARNING QUALITY:

This parameter lays importance on how a bank earns its profits. The quality of earning is very important decisive factor that determines the ability of a bank to earn consistently. It basically determines the profitability of the bank. It also explains the sustainability and growth in earnings in the future. Following six ratios were calculated for evaluating the earning quality of banks.

Table : 4 Earning Capasity of SPCB

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	Mean	S.D	C.V
1.ROA (%)	1.08	1.29	0.94	0.96	0.55	0.78	0.87	0.55	0.80	0.54	0.84	0.23	28.02
2. ROE (%)	4.93	5.67	3.60	3.75	2.29	3.45	3.79	2.61	3.53	2.60	3.62	0.99	27.37
3. Spread (%)	4.51	4.30	4.53	4.11	3.76	4.06	3.78	3.23	3.99	3.97	4.02	0.37	9.10
4. NIM (%)	5.73	5.43	5.92	5.22	4.88	5.86	5.25	4.53	5.95	5.92	5.47	0.47	8.57
5.OP/WF (%)	3.42	3.15	2.54	2.90	1.57	2.25	1.96	1.54	2.46	1.94	2.37	0.61	25.72
6. II/TI (%)	90.59	89.17	94.37	89.13	95.47	95.13	96.09	95.63	94.43	96.08	93.61	2.69	2.87

Table 4 clearly reveals that ***Return on Assets Ratio*** is a key profitability ratio which measures bank's efficiency in using its assets to generate net income. Return on assets ratio showed fluctuating trend throughout the study period. In the beginning of the study, the ratio increased from 1.08% in 02-03 to 1.29% in 03-04. In the year 06-07 the ratio again decreased from 0.96% in 05-06 to 0.55%. The average return on assets ratio of SPCB was 0.84%. ***Return on Equity*** Ratio is a key profitability ratio for investors which measure the profitability of shareholders' investments. Return on equity ratio showed fluctuating trend throughout the study period. The ratio increased from 4.93% in 02-03 to 5.67% in 03-04. Afterwards the ratio suddenly decreased from 5.67% in 03-04 to 3.60% in 04-05. The ratio again decreased from 3.75% in 05-06 to 2.29% in 06-07. The average return on equity ratio was 3.62%. Spread is the difference between the interest earned and interest paid. ***Spread Ratio*** is expressed as a percentage of total assets. This is a key profitability ratio especially in banking unit which measures bank's core income. Spread ratio registered fluctuating trend during the entire study period. The ratio increased from 3.76% in 06-07 to 4.06% in 07-08. In the year 10-11 the ratio increased from 3.23% in 09-10 to 3.99% in 10-11. The average spread ratio was 4.02%. ***Net interest Margin Ratio*** is calculated as a percentage of interest bearing assets. In the year 04-05 the ratio increased from 5.43% in 03-04 to 5.92%. Eventually the ratio increased from 4.88% in 06-07 to 5.86% in 07-08. In the year 10-11 the ratio increased from 4.53% in 09-10 to 5.95% as on one hand the interest spread increased from 5142.60 lacs in 09-10 to 6429.90 lacs in 10-11 while on the other hand the amount of interest bearing assets decreased from 113462.12 lacs in 09-10 to 108047.55 lacs in 10-11. ***Operating Profit to Working Fund Ratio*** indicates that how much a bank can earn from its operations for every rupee spent on working fund. Operating profit to working fund ratio registered fluctuating trend throughout the study period. In the beginning of the study period the ratio decreased from 3.15% in 03-04 to 2.54% in 04-05. The ratio again decreased from 2.90% in 05-06 to 1.57% in 06-07. Ultimately the ratio increased from 1.54% in 09-10 to 2.46% in 10-11. The average operating profit to working fund ratio was 2.37%. ***Interest Income to total income ratio*** indicates the ability of the bank in generating income from its lending. The ratio increased from 89.17% in 03-04 to 94.37% in 04-05. In the year 05-06 the ratio decreased from 94.37% in 04-05 to 89.13% in 05-06. The average interest income to total income ratio of SPCB was 93.61%.

LIQUIDITY:

Liquidity is the bank's capacity to meet its short term obligations as well as loan commitments. Liquidity is most important parameter especially in banking sector as banks are considered as liquidity creator in the market. Therefore, if the liquidity management of a bank is not proper, it can adversely affect the performance of the banks. Following liquidity ratios were taken for the study.

Table : 5 Liquidity of SPCB

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	Mean	S.D	C.V
1. CR (Times)	0.76	0.66	0.74	0.62	0.62	0.88	0.91	0.90	0.99	1.10	0.82	0.16	18.98
2. QR (Times)	0.21	0.23	0.22	0.18	0.15	0.27	0.16	0.17	0.22	0.16	0.20	0.04	18.73
3. LA/TA (%)	5.45	6.00	5.63	4.98	5.08	7.15	4.73	5.25	6.04	4.73	5.50	0.71	12.82
4. LA/TD (%)	7.40	8.18	8.05	6.99	7.22	9.77	6.46	6.94	8.29	6.29	7.56	0.99	13.04
5.G-Sec/TA (%)	26.97	34.04	37.42	34.40	28.39	26.79	34.03	34.04	22.19	27.38	30.57	4.58	14.99
6. Inv./Depo. (%)	0.00	2.86	2.67	2.08	0.00	6.97	0.00	0.00	3.97	0.00	1.86	2.23	120.02

Table 5 indicates that the ***Current ratio*** registered fluctuating trend during the entire study. The highest current ratio was recorded in 2011-12 being 1.10 times as the amount of current assets increased at faster rate than the currents liabilities. The average current was 0.82 times. ***Quick ratio*** registered Fluctuating trend for the entire study period. The lowest ratio was found in the year 2006-07 being 0.15 times. The highest quick ratio was found in the year 2007-08 being 0.27 times. ***Liquid Assets to Total Assets Ratio*** also indicates the overall liquidity of the unit by indicating the proportion of liquid assets in total assets. The lowest ratio was found in the year 2008-09 being 4.73% as on one hand the amount of liquid assets decreased whereas on the other hand the amount of total assets increased. The highest liquid assets to total assets ratio was found in the year 2007-08 being 7.15% as in this was the only year in which the amount of liquid assets increased considerably. ***Liquid Assets to Total Deposits Ratio*** measures the liquidity available to the depositors of the bank. This ratio also registered fluctuating trend during the entire study. The average liquid assets to total deposits ratio remained 7.56%. ***Government Securities to Total Assets Ratio*** measures the amount of risk free liquid assets invested by a bank in government securities as a percentage of the total assets held by the bank. Government securities to total assets ratio showed fluctuating trend for the entire study period. The highest growth rate was registered in the year 04-05 being 37.42%. The lowest ratio was found in the year 10-11 being 22.19%. The average government securities to total assets ratio remained on 30.57%. ***Short Term Investments to Short Term Deposits Ratio*** designates the effectiveness of management of SUCBs to convert their deposits in to investments. The highest ratio was found in 2007-08 being only 6.97% because in this year the amount of short term investment was highest throughout the study period. The average short term investments to short term deposits ratio remained on 1.85%.

CONCLUSIONS:

The overall state of ***capital adequacy*** of SPCB was satisfactory in terms of capital adequacy ratio and debt equity ratio but the average Interest coverage ratio of 0.51 times disclose that the bank was not able to generate good proportion of operating income to beat its obligations and to that extent the bank may not be considered as solvent.
Overall it can be said that the ***assets quality*** of SPCB was satisfactory in terms of Net NPA to Net Advances Ratio, Gross NPA to Net Advances Ratio and total investments to total assets ratio as not only the amount of gross NPA was low but also the amount of net NPA was nil. This indicates the active performance of recovery departments of SPCB. Moreover bank invested half of its assets in investments which guard against loan loss. On the other hand provision coverage ratio was unsatisfactory being as average of 19.41% only.

From the average operating expenditure to operating income ratio of 74.74%, it can be said that the depositors as well as lenders of these three banks can have clear view that these banks are being run efficiently. The average 54.47% of total advances to total deposits ratio reveals that the bank is not much active to convert their deposits into profitable advances. The average assets turnover ratio remained on 0.09 times indicating that bank is using its assets efficiently. The average diversification ratio of 6.29% indicates that the bank is not depended on non interest income like fee based income and the large portion of income is made up of income from lending activities which is appreciable. The average earning per employee ratio of Rs. 2.28 lacs indicates that the bank is earning 2.28 lacs per employee. Generally this ratio is useful when compared with other banks. Thus the overall state of ***management efficiency*** was also good.

The average ROA of 0.84% was not satisfactory and for the reason the bank needs to increase the earning. The ROA and ROE are useful when compare with other banks. The average spread of 4.02% indicates that the earning capacity of SPCB is quite good. NIM, a key profitability ratio for bank indicates that the bank's earnings are good. The average operating profit to working fund ratio of 2.37% indicates that the profitability of bank was not satisfactory. Average Interest Income to Total Income ratio of 93.61% indicates that in the SPCB interest income to total income ratio is appreciable but on the other hand the higher ratio also indicates the greater dependence of the bank on interest income. Thus, conclude it can be said that the overall ***earning capacity*** of SPCB was not bad.

The average current ratio of 0.32 times and average quick ratio of 0.20 times clearly indicates that the bank has failed to preserve short term liquidity as the both the ratio remained far below the standard norm of 2:1 and 1:1 respectively. The liquid assets to total assets ratio was totally insufficient for the bank to meet its short term obligations. It denotes that the bank failed to preserve its short term solvency which is hazardous to the financial health and survival. the average liquid assets to total deposits ratio 7.56% indicates that the bank has failed to preserve its short term solvency which may be hazardous for the bank to repay the deposit of depositors. Ultimately it can be conclude that the overall state of ***liquidity*** was not satisfactory.

REFERENCES:

[1] Dr. K.V.S.N Jawahar Babu, (July-Aug 2012) Performance Evaluation of Urban Co-operative Banks In India, IOSR Journal of Business and Management, Vol.1, Issue 5, pp.28-30.
[2] Dr. Ramchandram & Siva Shanmugam (2012) made a research paper entitled " An Empirical Study on Financial Performance of Selected Scheduled Urban Co-operative Banks in India", Assian Journal of Research in Banking and Finance, Volume 2, Issue 5, pp. 1-24
[3] Dr. Redddy K Sriharsha (feb 2012), "Relative Performance of Commercial Banks in India using Camel Approach, The International Journal's Research Journal of Economics & Business Studies, vol.1, Number 4.
[4] Kabir Md.Anwarul and Dey Suman (sept 2012), "Performance analysis through CAMEL Rating: A Comparative study of selected Private Commercial Banks in Bangladesh", Journal of Politics & Governance, Vol.1, No. 2/3, pp. 16-25, September 2012.
[5] Lakhtaria Nilesh J. (April 2013), "A Comparative study of the selected Public Sector banks through CAMEL Model", Indian Journal of Research, Vol.2, Issue 4, April 2013.
[6] R. Alton Gilbert, Andrew P Meyer and Mark D Vaughan, "The Role of CAMEL Doengrade Model in Bank Surveillance", The federal Reserve Bank of St.Louis, working Paper 2000-021A.
[7] Prof. Dr. Mohi-ud-Din Sangmi and Dr. Tabassum Nazir, (2010) **Pak. J. Commer. Soc. Sci.** Vol. 4 (1), 40-55.
[8] Salija R, Sharma S and Dr. Lal R, "Impact of Merger on Financial Performanc of Bank – a case study of HDFC bank", Internation Journal of Research in Finance and Marketing, Vol. 2, Issue 2, Feb 2012.
[9] Shar Amir Hussain, Shah Muneer Ali, Jamali Hajan (Feb 2010), "Performance evaluation of pre and post nationalization of the banking sector in Pakistan: An application of CAMEL model, African Journal of Business Management, Vol. 5(3), pp. 747-761.