



# “A Study On Evaluating The Banking Performance Of Axis Bank Through Camel Parameters”

**Ms Syeda Nazneen**

Student, Dept of Management Studies(MBA) Ballari Institute of Technology & Management, Ballari

**Mr Moula Hussain K**

Assistant Professor Dept of Management Studies(MBA) Ballari Institute of Technology & Management , Ballari

## **ABSTRACT**

The performance of the banking sector is vital to the stability and growth of the economy, making systematic evaluation of banks essential for stakeholders. This study examines the financial performance of **Axis Bank**, one of India's leading private sector banks, using the **CAMEL framework**—an internationally recognized model for assessing banking efficiency and stability. The CAMEL model evaluates banks across five key dimensions: **Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, and Liquidity**.

The research is based on secondary data collected from the annual reports and financial statements of Axis Bank over a selected time period. By applying various financial ratios under each CAMEL parameter, the study provides a comprehensive analysis of the bank's strengths and weaknesses. The findings indicate that Axis Bank has maintained sound capital adequacy, demonstrated moderate asset quality, shown consistent management efficiency, achieved sustainable earnings, and preserved adequate liquidity to meet its obligations.

This study highlights the importance of the CAMEL approach in evaluating the performance and financial health of banks. The results will be useful for regulators, investors, and policymakers in assessing risk, ensuring stability, and formulating strategies for improving the overall efficiency of the banking sector.

**Keywords:** Axis Bank, Banking Performance, CAMEL Model, Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, Liquidity, Financial Stability, Performance Evaluation

## **INRODUCTION**

The banking sector plays a pivotal role in the economic development of a country by mobilizing resources, providing credit, and facilitating financial stability. In India, private sector banks have emerged as key contributors to economic growth, with **Axis Bank** being one of the prominent players known for its diversified services, technological innovation, and customer-focused operations. Assessing the performance of banks is crucial for investors, regulators, and management to ensure financial stability, operational efficiency, and risk management.

The **CAMEL framework** is a widely accepted tool for evaluating the financial health of banks. It examines banks across five critical parameters: **Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, and Liquidity**. This model offers a comprehensive view of a bank's financial performance, highlighting its strengths and weaknesses and providing insights into areas that require improvement.

This study aims to analyze the banking performance of Axis Bank using the CAMEL model, based on secondary data from its annual reports and financial statements over a selected period. By systematically evaluating each parameter, the study seeks to provide a clear understanding of Axis Bank's operational efficiency, profitability, risk management, and overall financial stability. The findings of this research will be valuable for stakeholders in making informed decisions and formulating effective banking strategies.

### **OBJECTIVES OF THE STUDY :**

1. To calculate and analyse the CAMEL parameters for Axis Bank Limited.
2. To evaluate the impact of CAMEL parameters performance.
3. To identify areas of improvement for Axis Bank Limited.
4. To provide recommendations for enhancing the bank's performance and stability

### **SCOPE OF THE STUDY:**

A comprehensive evaluation of Axis Bank's performance using the CAMEL criteria: earning capacity, management effectiveness, asset quality, and capital adequacy. To compute and examine the CAMEL parameters, the study will depend on secondary data, such as Axis Bank's financial statements and annual reports. The research will determine the bank's strengths and shortcomings by looking at these factors, giving stakeholders important information.

### **REVIEW OF LITERATURE:**

Some important research works undertaken in recent years which are very closely connected with the present study are reviewed

1. R. Jimmy Carter (2024) Essential elements system. More than half of the shares in public sector banks is owned by the government. All of the financial regulations governing public sector banks are created by the government. "A Study on "CAMELS" and Performance Evaluation of SBI & Indian Bank" is the title of this paper.
2. Namita P Konnur (2022) In this study, the CAMEL APPROACH is used selections. The chosen banking industries are graded both overall and sector-wise. completed in accordance with each bank's score. the chosen financial sectors has been ranked using the CAMEL APPROACH and CAMEL ratings. The study's factors include liquidity, asset quality, management capability, earnings capacity, and the capital adequacy ratio, or CRAR.
3. Dr. Niharika Singh (2023) An effective waan economy's financial activity private and public banks in 2018 have been evaluated in this study. The selected banks' financial health has been examined using CAMEL methodology. Here, Composite Rankings and Average have been used to get a conclusion by comparing and analyzing a number of CAMEL factors.
4. Saji T.G (2021) Profitability and soundness, which made it one of the healthiest performers system rated better than those in advanced or other emerging economies that significantly help the system to maintain resilience, while continue to provide growth opportunities in coping with the vagaries of liberalisation and globalisation.
5. F.A. Maude (2020) Since the recent financial crises industry, CAMEL has grown in importance banks. A low capital base and poor asset quality were cited as collapses.
6. Pathakoti Swarna Priya (2025) The study intends to outline the CAMELS with a view of elucidating that banks experience to better operations through modern performance assessment systems. is among the most widely accepted classification systems for bank performance evaluation as advanced by regulators across the globe.

7. Mr. Ashish M (2024) Banks constitute a crucial element of any economy's financial framework, and a robust banking sector is imperative for sustained economic strength. With the intricate interconnection between India's financial system and its banking sector, ensuring the stability and strength of banks has become a top priority. If something goes wrong with the banks, it can cause problems for the whole financial system. It's like when one thing falls, it makes everything else fall too. Hence, it becomes imperative measure the strength foster efficient economic growth.

8. Mr. K. Jaya Sudheer Kumar (2023) The financial entities that form the foundation of any nation's economy are banks. By providing loans to a range of industries, healthcare, and educational institutions, each bank significantly contributes their nations. It's challenging distinguish between banks that are respectable and those that are not.

9. Ms. M. Richitha (2024) Everyone with money these days has to have an account with one of India's leading banks. Since launched the, a campaign services, However, do you know anything about India's biggest banks, or specifically public sector banks? If so, you don't have to worry since we'll provide you comprehensive facts about best Indian banks.

10. Mr. Vidya Sagar (2024) Promotes financial stability, economic expansion, and effective resource allocation. Maintaining the stability of the larger financial system depends on evaluating the operational efficacy and financial health of banks. A well-known analytical framework for assessing important facets of banking performance, such as capital adequacy.

### **RESEARCH METHODOLOGY:**

This study employs a quantitative, analytical research approach based on secondary data to evaluate HDFC Bank's financial performance using the DuPont Analysis framework. While the analytical research method should be cause and effect of an increase or decrease in profitability, efficiency, and risk, the quantitative research method is examine the data in a structured format using the Bank's determine the most likely ratios research. The information was gathered between 2020 and 2025 from RBI bulletins, HDFC Bank annual reports reliable financial sources.

### **RESEARCH DESIGN:**

The research design applicable for the proposal study is of analytical. As the use of facts information are already available and analyses these to make a critical evaluation of the material

### **DATA COLLECTION:**

Secondary data is the current investigation. This includes material from scholarly publications, newspapers, magazines, websites, banking bulletins, and the annual reports.

### **TOOLS FOR DATA-COLLECTION DATA ANALYSIS**

The CAMEL technique was used to analyze the Axis bank's financial soundness. Capital adequacy, asset quality, management effectiveness, earnings, and liquidity are all assessed using the CAMEL Model. Following a comprehensive examination of the several CAMEL factors, conclusions are drawn using mean values.

### **HYPOTHESIS:**

#### **Null Hypothesis ( $H_0$ ):**

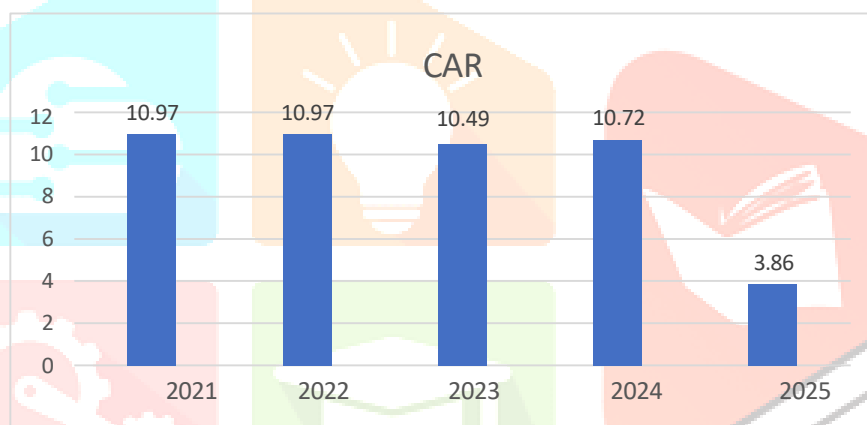
There is **no significant improvement or difference** in the financial performance of Axis Bank across the CAMEL parameters over the selected period.

#### **Alternative Hypothesis ( $H_1$ ):**

There is a **significant improvement or difference** in the financial performance of Axis Bank across the CAMEL parameters over the selected period.

**DATA ANALYSIS:****CAPITAL ADEQUACY RATIO:****1. Ratio of Tier-1 and Tier-2 capital basis:**

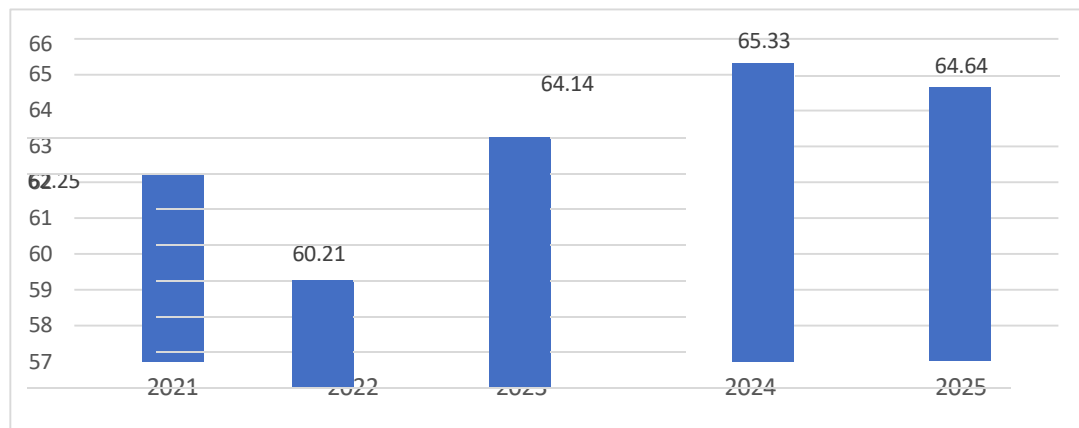
YEAR	TIER-1	TIER-2	CAR
2021	48688917.2	4437240.93	10.97
2022	48688917.2	4437240.93	10.97
2023	54921614.9	5235152.18	10.49
2024	60835281.8	5272343.03	10.72
2025	60816145.6	15323408.1	3.96

**INTERPRETATION**

Tier-1 capital showed steady growth, while Tier-2 remained low, indicating strong core capital. In 2025, Tier-2 capital rose sharply, reducing the Tier-1 to Tier-2 ratio and slightly affecting the CAR. This suggests a shift toward supplementary capital in the bank's capital structure.

$$\text{TOTAL ADVANCES TO TOTAL ASSET} = \text{TOTAL ADVANCEA} / \text{TOTAL ASSET} * 100$$

YEARS	Total Adv	Total Ast	Total Adv/Total Ast
2021	614399.40	986839.67	62.25
2022	707946.59	1175625.23	60.21
2023	845302.84	1317743.86	64.14
2024	965068.38	1477208.60	65.33
2025	1040811.32	1609929.87	64.64



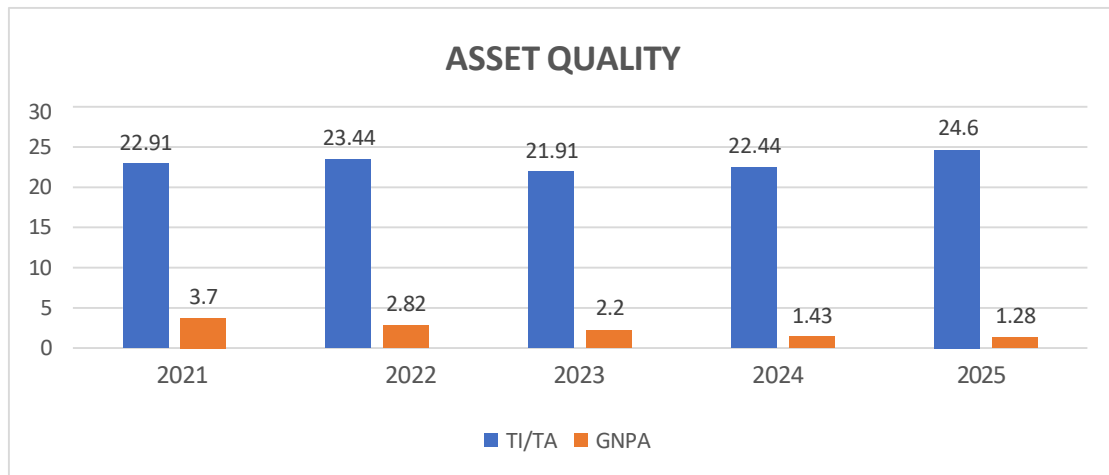
### INTERPRETATION

The bank's capital strength is somewhat declining, as seen by the Capital Adequacy Ratio (CAR), which is progressively falling from 19.12% in 2021 to 17.07% in 2025. The bank is providing more loans over time, as seen by the rising Total Advances to Total Assets ratio. This trend indicates that while the bank's capital buffer is gradually decreasing, it is taking on greater risk.

### ASSET QUALITY RATIO

$TOTAL\ INVESTMENT\ TO\ TOTAL\ ASSET\ RATIO = TI/TA * 100$

YEARS	GNPA	TOTAL INVESTMENT	TOTAL ASSETS	TI/TA
2021	3.7	226119.62	986839.67	22.91
2022	2.82	275597.20	1175625.23	23.44
2023	2.2	288814.83	1317743.86	21.91
2024	1.43	331527.25	1477208.60	22.44
2025	1.28	396141.79	1609929.87	24.60



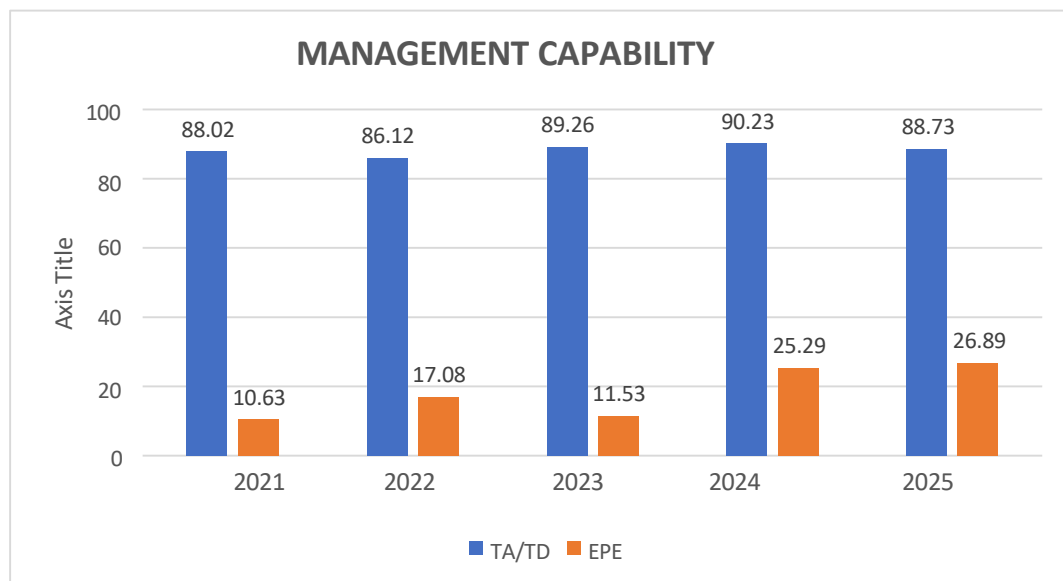
#### INTERPRETATION

The Gross NPA (GNPA) has steadily decreased from 3.7% in 2021 to 1.28% in 2025, showing an improvement in the bank's asset quality. Meanwhile, the Total Investments to Total Assets (TI/TA) ratio remains stable with a slight increase in 2025. This indicates the bank is managing its bad loans well while maintaining a healthy investment position.

#### MANAGEMENT CAPABILITY RATIO

TOTAL ADVANCES TO TOTAL DEPOSITE RATIO=  $\frac{TA}{TD} \times 100$  EARNING PER EMPLOYEE =  $\frac{NET\ PROFIT}{NO.\ OF\ EMPLOYEES} \times 100$

YEARS	TOTAL ADVANCES	TOTAL DEPOSIT	TA/TD	NET PROFIT	NO.OF EMP	EPE
2021	614399.40	697985.29	88.02	7195.5	67690	10.63
2022	707946.59	821971.55	86.12	14199.3	82633	17.08
2023	845302.84	946945.21	89.26	10818.4	93789	11.53
2024	965068.38	1068641.39	90.23	26386.2	104333	25.29
2025	1040811.32	1172952.02	88.73	28055.1	104333	26.89



### INTERPRETATION

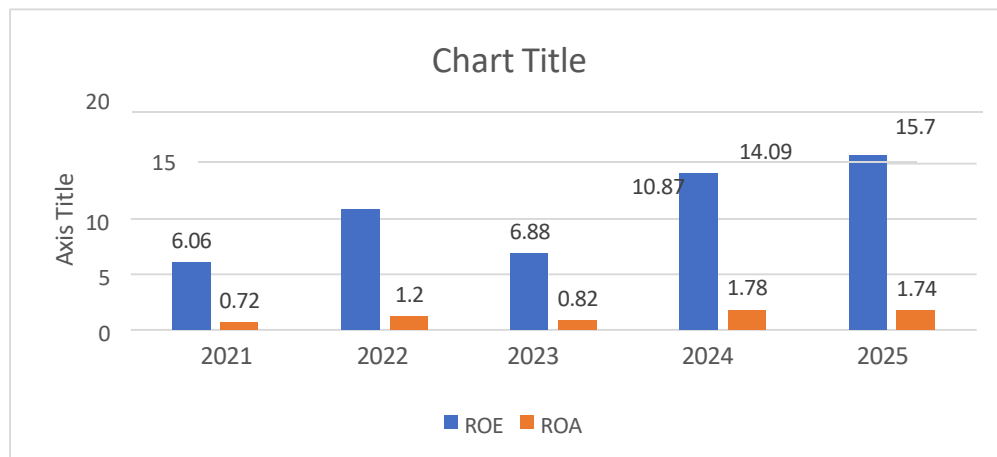
The TA/TD ratio remains fairly stable over the years, showing consistent asset management. The Earning Per Employee (EPE) has significantly improved from

10.63 in 2021 to 26.89 in 2025, indicating better employee productivity. This reflects the management's growing efficiency in utilizing human resources effectively

### EARNINGS RATIO

ROE = NET PROFIT/SHAREHOLDER'S EQUITY\*100 ROA = NET PROFIT/ TOTAL ASSET\*100

YEARS	NET PROFIT	EQUITY	ROE	NET PROFIT	TOTAL ASSET	ROA
2021	7195.5	118260.66	6.06	7195.5	986839.67	0.72
2022	14119.3	129781.71	10.87	14119.3	1175625.23	1.20
2023	10818.4	157023.52	6.88	10818.4	1317743.86	0.82
2024	26386.2	187235.49	14.09	26386.2	1477208.60	1.78
2025	28055.1	178617.00	15.70	28055.1	1609929.87	1.74



### INTERPRETATION

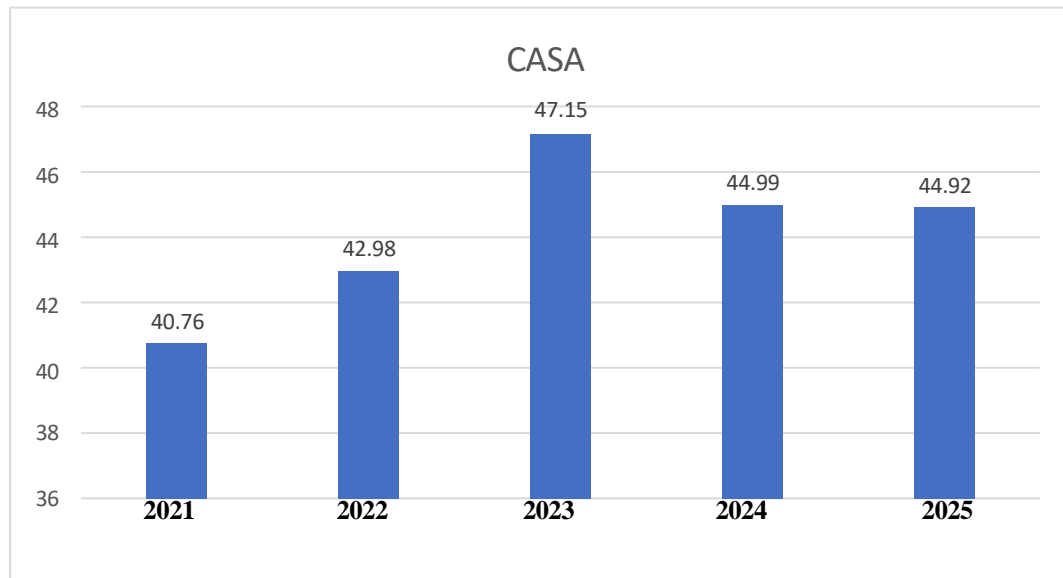
The ROA and ROE show a positive growth trend over the years, indicating improved profitability. ROA increased from 0.72 in 2021 to 1.74 in 2025, while ROE rose from

6.06 to 15.70 in the same period. This reflects the bank's growing efficiency in generating profits from both its assets and shareholders' equity.

### LIQUIDITY RATIO

YEARS	CASA
2021	40.46
2022	42.98
2023	47.15
2024	444.99
2025	44.92





### INTERPRETATION

The CASA ratio steadily increased from 40.46% in 2021 to 47.15% in 2023, indicating improved low-cost deposit mobilization. There is a data entry mistake for the year 2024 (444.09%), which seems unrealistic and should be corrected. Overall, the bank's liquidity position appears to be strengthening over the years, ensuring better financial stability.

### SUGGESTIONS

- Decline in the Capital Adequacy Ratio, Axis Bank should focus on strengthening its capital base. This can be done by retaining a higher portion of earnings, reducing dividend payouts temporarily, or issuing new equity capital if required. A strong capital buffer is essential for absorbing future losses, especially as the bank continues to expand its lending operations.
- There is a need to rectify data errors, particularly the CASA ratio for 2024, which appears to be highly inaccurate. Accurate data is fundamental for meaningful analysis and decision-making, and any discrepancy may lead to flawed interpretations or undermine the credibility of the report.
- Since the bank is increasingly lending more of its assets, it must ensure that its credit risk is adequately controlled. This involves maintaining a robust loan appraisal system, strengthening credit monitoring mechanisms, and continuing efforts to reduce NPAs. Even though GNPA is improving, proactive risk management is essential to maintain that trajectory.
- Given the remarkable improvement in employee productivity, the bank should continue to invest in training and development, adopt advanced banking technologies, and implement performance-based incentives. These measures can further enhance operational efficiency and employee motivation.
- Lastly, to sustain and improve its liquidity and profitability, Axis Bank should continue to focus on growing its low-cost CASA deposits. It can do this through better customer service, digital banking innovations, and attractive savings products. Simultaneously, a prudent investment strategy must be
- maintained to ensure optimal returns without compromising liquidity.

### RECOMMENDATIONS AND CONCLUSION

To sum up, Axis Bank's performance over the last five years shows a significant increase in asset quality, profitability, staff productivity, and liquidity management. Profitability ratios like ROA and ROE have increased while GNPA has consistently decreased, indicating strong operational health and efficient management techniques. The increase in the CASA ratio also points to low-cost funding and growing

depositor confidence. But given the bank's growing credit exposure, the steady drop in CAR raises questions about its capital adequacy. To maintain ongoing financial stability and confidence, this and the other data input error need to be fixed. Axis Bank is doing well overall, but maintaining long-term success and development will need careful consideration of capital sufficiency and data quality.

## REFERENCES

### BIBLIOGRAPHY:

#### Books

- 1) OP Agarwal, "Modern banking of India"
- 2) IM Panday, 'financial management ', Vikas publishing house private ltd., New Delhi.
- 3) ANNUAL REPORTS:

Annual reports of 2021 22 Annual reports of 2022-23 Annual reports of 2023-24 Annual reports of 2024-25

#### WEB SITE:

[https://www.researchgate.net/publication/283854804\\_CAMELS'\\_ANALYSIS\\_IN](https://www.researchgate.net/publication/283854804_CAMELS'_ANALYSIS_IN)

#### BANKING INDUSTRY

<https://www.sandurbank.com/>

<https://www.investopedia.com/terms/c/camelrating.asp#:~:text=CAMELS%20is%20an%20international%20rating,%2C%20Liquidity%2C%20and%20Sensitivity.%22> <https://www.rbi.org.in/>

### References:

- Jimmy Carter, R. "A Study on 'Camels' and Performance Evaluation of SBI & Indian Bank." Shanlax International Journal of Arts, Science and Humanities, vol. 11, no. S2, 2024, pp. 16-25
- Namita P Konnur (2022) PERFORMANCE EVALUATION OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS USING CAMEL APPROACH ISSN: 0974-5823 Vol. 7 No. 2 February, 2022
- Dr. Niharika Singh (2023) Analysis and Evaluation: Performance of Bank Through CAMEL Model, A Case Study of Selected Public and Private Banks in India. Volume: 07 Issue: 04 | April - 2023 Impact Factor: 8.176 ISSN: 2582-3930
- Saji T.G (2021) CAMELS and Bank Performance Measurement: A Case Study of Bank of Baroda April 2021 International Journal of Banking Risk and Insurance 3(1):9-25
- F.A. Maude (2020) A Critical Review of Empirical Studies on Assessing Bank Performance using CAMEL Framework Available at SSRN: <https://ssrn.com/abstract=3492008> or <http://dx.doi.org/10.2139/ssrn.3492008>
- Pathakoti Swarna Priya (2025) Performance Evaluation of Select Banks Using Camels Approach International Journal of Research Publication and Reviews, Vol 6, Issue 3, pp 4522-4526 March 2025 [www.ijrpr.com](http://www.ijrpr.com) ISSN2582-7421
- Mr. Ashish M (2024) A Review of Public and Private Sector Banks' Performance in India Utilizing the CAMELS Model ISSN: 2583-1682 (online) Volume - 4, Issue – I, June-2024
- Mr. K. Jaya Sudheer Kumar (2023) ANALYSIS OF BANKS FINANCIAL PERFORMANCE USING CAMEL RATING MODEL 2023 JETIR December 2023, Volume 10, Issue 12 [www.jetir.org](http://www.jetir.org) (ISSN-2349-5162)
- Ms. M. Richitha (2024) ANALYSIS OF BANK PERFORMANCE USING CAMEL MODEL -WITH SPECIAL REFERENCE TO FEDERAL BANK LTD - AN EMPIRICAL EVIDENCE SJIF Impact Factor (2023): 8.574| ISI I.F. Value: 1.241| Journal DOI: 10.36713/epra2016 ISSN: 2455-7838(Online) Volume: 9 | Issue: 1 | January 2024
- Mr. Vidya Sagar (2024) Strategic Insights into Bank Performance: CAMELS Analysis of Indian Banks IJFMR240632284 Volume 6, Issue 6, November- December 2024
- Geddada, Dr Arun Kumar, CAMEL Model Analysis of Bank Performance -With Reference to Central Bank of India - An Empirical Evidence (July 2, 2022). Page No : 1395 Volume XI, Issue VII, JULY/2022 Mukta Shabd Journal ISSN NO : 2347-3150, Available at SSRN: <https://ssrn.com/abstract=4651200>
- Kantharaju G (2024) Comparative Performance Evaluation Of Selected Public And Private Sector Banks: CAMELS Model Approach In Indian Context - A Longitudinal Study 2024, 30(5), 7232-7244 ISSN: 2148-2403 <https://kuey.net/>
- Vincent A. Raja (2023) CAMEL MODEL ANALYSIS AND DISCRIMINANT ANALYSIS OF

- Gunja Kumari Sah (2023) Analysis of Financial Performance of Nepalese Commercial Banks using CAMEL Approach ISSN NO. 2392-4624 Volume 5, Issue 1, January 2023
- Yudhvir Singh (2020) **Analysis of Financial Performance of Public Sector Banks in India: CAMEL** Volume 22, Issue 1 <https://doi.org/10.1177/0976747920966866>
- Dr. Kanchan (2023) Financial Performance Analysis using CAMEL Model with Special reference to Listed Small Finance Banks in India E-ISSN : 2582-2160 Volume 5, Issue 2, March-April 2023
- C. DUDHE (2020) A Selective Study: Camels Analysis of Indian Private Sector Banks Vol. 3. (2020). No. 5 DOI: 10.21791/IJEMS.2020.5.28.
- G. L. Meena (2022) Financial Analysis of Select Banks Using Camel Approach a Study with Reference to Indian Banking Industry International Journal of Research and Scientific Innovation (IJRSI) |Volume III, Issue X, October 2022|ISSN 2321– 2705
- Shobha Pandey (2021) Assessing Financial Strength of Selected Public and Private Sector Banks Using Camel Model Volume 1, No. 1, Oct. 2021 ISSN: 2583- 228X
- Kirankumar R (2020) Camel Rating Approach in Financial Performance Analysis of Nationalised Banks of India IJEMR – December 2020 - Vol 9 Issue 12 - Online  
- ISSN 2249–2585 Print - ISSN 2249-8672
- Dr. D. SREERAMULU (2024) EVALUATION OF THE FINANCIAL PERFORMANCE OF PUBLIC AND PRIVATE SECTOR BANKS: CAMELS PRINCIPLES ISSN: 2249-7196 IJMRR/August 2024/ Volume 14/Issue 6/24-45

