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Performance of Small Finance Banks

The Indian economy's growth depends heavily on the banking sector. In recent years, the banking business has undergone numerous changes. The RBI launched small finance banks as a banking initiative to encourage financial inclusion in India. Small finance banks offer services to financially excluded populations like farmers, labourers' low-income people, etc. This study is related to the period of six years from 2016-17 to 2021-22. The study uses descriptive statistics and the CAMEL model for the evaluation of financial performance. Descriptive statistics are analysed with the help of standard deviation and ANOVA. The CAMEL model analysis assists in determining how efficiently banks have performed in terms of each of the significant ratios including: (i) Capital Adequacy, (ii) Assets Quality, (iii) Management Effectiveness, (iv) Earning Quality, and (v) Liquidity Ratios. Based on the ANOVA the study concludes that the results of the selected banks have similar financial performance.

Keywords: *Small finance bank, Capital adequacy, Asset Quality, Management efficiency, Earning capacity, Liquidity ratio, ANOVA*

Introduction

In simple terms, a bank is a where people can deposit money, borrow from and have access to services. like credit cards, debit cards, internet banking, SMS capability, and much more. The provision of financial services by banks is crucial to its growth. The first

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bank in India was established in 1770 under the name “Hindustan Bank”. After the Indian independence (1947) the major reforms in the banking industry occurred in July 1969 when 14 commercial banks were nationalized. Six more banks were subsequently nationalized in 1980. The LPG strategy significantly impacted the 1991 revisions to the bank's structure. Following the nationalization, banks began working quickly on globalization with the aid of the LPG policy. There are numerous Indian banks- that lend large amounts of long-term loans to major industrialists and commercial businesses. Therefore, the Government of India's Budget 2014-15 introduced a new idea, the “Small Finance Bank” with the intension of covering all the underbanked areas and unserved and under-served populations of India. Thus, the small finance banks were launched according to the original idea announced in the budget 2014-15. The RBI released the Small Finance Bank's principle rules and regulation in November 2014. As of November 24, 2014, the RBI had received 72 applications from those intending to start small financing banks; however, only 10 of these applications were granted licenses. And, presently only 12 small finance banks are functioning in India. Of these, the researcher selected 4 BSE-listed small finance banks for the study.

Analysing the financial performance of the small financial banks is crucial for understanding their stability, efficiency, and over-all financial health. In India, where small finance banks play a significant role in promoting financial inclusion and providing banking services to unserved and underserved segments of the population assessing their financial performance becomes even more critical.

This study aims to conduct a comprehensive assessment of the financial performance of small finance banks in India using the CAMEL model - an *acronym* for (i) Capital adequacy ratio, (ii) Asset quality ratio, (iii) Management efficiency ratio, (iv) Earning quality ratio, and (v) Liquidity ratio - that offers a holistic approach to measure various dimensions of a bank's performance.

Profile of BSE-listed Small Finance Banks

Particular	AU SFB	Equitas SFB	Ujjivan SFB	Suryoday SFB
Founded in...	1996	2007	2017	2017
Converted to SFB on...	April 19, 2017	September 5, 2016	February 1, 2017	January 23, 2017
Headquarter at	Jaipur	Chennai	Bangalore,	Navi Mumbai
Tag Line	Chalo Aage Badhe	It's Fun Banking	Build A Better Life	A Bank Of Smile
BSE Code	540611	543243	542904	543279
Market Capitalisation as of July 1, 2023	50,263 Cr	10.030 Cr	7,408 Cr	1,841 Cr
MD/CEO/CMD	Sanjay Aggarwal	P N Vasudevan	Samit Ghosh	R Bhaskar Babu

Source: Secondary Data, (URL – <https://en.m.wikipedia.org>), (www.moneycontrol.com), Dated on July 1, 2023

Objectives of the Study

- To assess the financial performance of BSE-listed Small Finance Banks by using the CAMEL model.
- To rank listed small finance banks as per the CAMEL analysis.

Review of Literature

Review of the Literature plays an important role in any research. A literature review helps us to get the basic details of the particular topic and also helps us to know about the past study of the research. Here researcher uses some reviews of the literature as below:

Ashabahen Rabari, (July-December- 2022) This researcher's article is a study about the CAMEL model analysis of the financial performance of some of the selected Regional Rural Banks (RRBs) of Gujarat, namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank. This research, study covered a period three years from 2019-20 to 2021-22. The researchers used the CAMEL ratios, mean, standard deviation, and coefficient of

variance as tools for the data analysis. The study concluded that Saurashtra Gramin Bank has a better financial position by way of contribution to Baroda Gujarat Gramin Bank.

Dr. D Maheshwara Reddy, (September-,2011) The article is a study on Evaluation Performance of Regional Rural Banks: An application of CAMEL model. The study adopts an analytical and descriptive research design. A sample of two RRBs is selected for the study, and he uses twenty variables as per the CAMEL model. For analysis of the data, the researcher used IBM SPSS 19 statistical tool for arithmetic mean and T-Test. The article concludes that APGB RRB is rated the best, based on the overall performance.

Dr. Kanchan, (March- April, 2023) The article studied the financial performance analysis using the CAMEL model with special reference to the BSE listed small finance banks. For this paper, the researcher collected the data of five years - from 2017-18 to 2021-22. The study contains the performance of small finance banks using the CAMEL model with the help of 15 different ratios. The study concludes that the CAMEL model is a good measure to evaluate the overall performance of the banks, but there are other value-based measures, like economic-value added, market-value added, etc., with the help of different measures and CAMEL model. A combination of different methods is expected to give a better performance measurement of the bank's performance.

Mogoma A, (2022) The study focuses on the financial performance of seven listed commercial banks at the Dar-es-Salaam Stock Exchange, Tanzania), and, the period of the study was five years - from 2016 to 2020. The explanatory research design was applied accurately to establish the -cause-and-effect relationship that exists between the response variable (banks) and the explanatory variable (CAMEL). The limitation of the study was that the researcher selected only seven commercial banks at DSE in Tanzania, and only five years of data were collected for the research. At the end of the research, the study concluded that commercial banks' performance is mostly affected negatively or positively by management efficiency and capital adequacy.

Sangmi, (2010) The title of the study is Analysing the financial performance of commercial banks in India: Application of the CAMEL Model. The financial health of the bank is not only dependent on depositors but is equally significant for the shareholders, employees of the bank, and the economy as well. The study samples for evaluating the

financial performance are two major banks operating in northern India. For the evaluation of these two banks, the researcher used the CAMEL parameters. The study concludes that the position of the banks is sound and satisfactory as per the CAMEL analysis.

K. R. S. Sharma, (August, -2021) The paper is a discussion on the attainment of the financial inclusion of Small Finance Banks in India. As per the study, there are many public and private banks providing financial services to customers; despite that, many people are left out of financial inclusion, especially labourers, farmers, and many more. Globally there are 2.5 individuals excluded from financial inclusion. In India, the RBI has taken a new initiative to decrease financial inclusion. Initially, the RBI had approved 10 small finance banks for providing financial services to the unserved and underserved areas. The study concludes that small finance banks and payment banks are to generate awareness about financial services and upgrade the financial awareness and utilization by the rural people.

Sushendrakumar Mishra, (2012) In this paper, the author -focused primarily on the financial performance of the State Bank group using “the CAMEL model analysis”. The author selected six State Bank of India branches as the sample size and fixed three years as the period of the study. The objective of the study is to analyse the financial position and performance of the state bank group using the CAMEL model and the second objective was to recommendation and suggestion for improvement of the performance and financial position of State Bank of India and its subsidiaries. The study concluded that the overall performance of the State Bank group is the same because of the adoption of modern technology, - and reforms introduced in banking and recovery mechanism.

Research Gap

The majority of the research project have focused on the financial performance of commercial banks and the regional rural banks.

Some of them studied the financial structures of the small finance banks. So, this research finding are presented with the different aspects of financial performance. However, only one study analysed the financial performance using the CAMEL model of the listed small finance banks in India; hence it is thought -necessary to analyse the financial performance of all the listed -small finance banks in India using the CAMEL method for a different

period.

Research Methodology

The methodology describes the blueprint of the research.

Sources of Data

For this paper, the researcher used the secondary data collected from the annual reports of the small finance banks, their websites and different papers published in journals online as well as offline.

Sample size

For this study only the following 4 listed small finance banks in India are selected :

1. AU Small Finance Bank
2. Equitas Small Finance Bank
3. Ujjivan Small Finance Bank
4. Suryoday Small Finance Bank

Period of the Study

The period of the study is six years - from the a small finance bank's incorporation in 2016-17 to 20221-22.

Hypothesis of the Study

- H_0 – There is no significant difference in the performance of small finance banks as assessed by the CAMEL model.

Tools for Data Analysis

The data analysis used the CAMEL model (Capital Adequacy Ratios, Assets Quality Ratios, Management Efficiency Ratios, Earning Ratios, and Liquidity Ratios)

1. Capital Adequacy Ratios

Since it is important to analyse the capital adequacy ratio structure of the banks, the following ratios are measured :

- (a) Capital adequacy ratio
- (b) Debt-equity ratio
- (c) Equity to total assets ratio
- (d) Supplementary capital ratio

2. *Assets Quality Ratio*

Assets quality ratio plays an important role in analysing the quality of the assets of the banks. Hence, the following ratios are required to be evaluated :

- (a) Gross NPAs to total assets ratio
- (b) Net NPAs to total advance ratio
- (c) Total investment to total assets ratio
- (d) Net NPAs to total assets ratio

3. *Management Efficiency Ratios*

Management efficiency ratios measure the competence of the bank's management to earn good returns and to add value to the shareholders. The management plays an important role in making many strategic decisions. Here the following ratios are analysed for management efficiency.

- (a) Profit per Employee
- (b) Business per Employee
- (c) Interest Income to total advances ratio
- (d) Credit to Deposit Ratio

4. *Earning Quality Ratio*

Earning quality ratio helps to measure the earning/profit of the banks and also help to evaluate the quality of the earnings, which means consistent earnings over the years. Here the earning quality ratios are:

- (a) Return on assets ratio
- (b) Return on equity ratio
- (c) Operating profit to total assets ratios

- (d) Earnings per share

5. *Liquidity Ratios*

Liquidity ratios play an important role in balancing liquidity, risk, - and returns. Below are some liquidity ratios used to measure the liquidity of the banks:

- (a) Cash to total assets
- (b) Government securities to total assets
- (c) Liquid assets to demand deposits
- (d) Liquid assets to total deposits

Data Analysis and Interpretation

1. *Capital Adequacy Ratios*

Table 1 : Capital Adequacy Ratio

The capital of a bank is evaluated for its risk-weighted assets quality using this ratio. It guarantees that banks have sufficient capital to cover possible losses and sustain stability in the financial system. When evaluating a bank's resilience and regulatory compliance, CAR is essential.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	23.04	35.51	18.24	53.62
2018	19.31	29.63	23.04	37.94
2019	19.31	22.44	18.94	35.03
2020	21.99	23.61	28.81	29.57
2021	23.37	24.18	26.44	51.47
2022	20.99	25.16	18.99	37.90
S.D.	1.78	4.95	4.44	9.53
Mean	21.33	26.75	22.41	40.92
Rank	4	2	3	1

As per the above analysis, Suryoday Small Finance Bank has the highest capital adequacy ratio followed by Equitas, Ujjivan, and AU Small Finance Bank.

Table 2 : Debt-Equity Ratio

This ratio uses a comparison of debt to equity to assess a company's financial leverage. It shows the percentage of financing that comes from debt as opposed to equity. While a higher ratio could point to greater leverage and possible financial risk, a lower ratio signals the reduced financial risk.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	3.93	3.60	4.14	2.20
2018	7.31	5.51	4.75	3.01
2019	9.52	5.98	6.55	3.27
2020	8.72	6.04	4.81	4.03
2021	7.34	6.28	5.41	3.20
2022	8.24	5.35	7.54	4.34
S.D.	1.78	0.89	1.17	0.70
Mean	7.51	5.46	5.53	3.34
Rank	1	3	2	4

A high D/E ratio indicates higher debt which means -high risk and low performance of the bank. From the above analysis of debt-equity ratio, we can observe that AU SFB is followed by Ujjivan, Equitas, and Suryoday SFBs.

Table 3 : Equity to Total Assets Ratio

This ratio evaluates the percentage of a bank's assets financed by equity. A stronger equity cushion to cover future losses is implied by a higher equity-to-total assets ratio. It displays the bank's stability and soundness financially.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	2.90	10.88	19.44	4.00
2018	1.52	7.56	17.31	3.12
2019	0.90	6.38	11.93	2.17
2020	0.72	5.45	10.47	1.61
2021	0.61	4.61	9.46	1.58
2022	0.46	4.65	8.17	1.30
S.D.	0.92	2.38	4.54	1.06
Mean	1.12	6.59	12.80	2.30
Rank	4	2	1	3

From Table: 3 we observe that Ujjivan SFB maintains the highest equity-to-total assets ratio followed by Equitas, Suryoday, and AU SFBs.

Table 4 : Supplementary Capital Ratio

The ability of a financial organization to withstand losses above and beyond its core capital is gauged by this ratio. Subordinated debt is one of the several types of capital that are included. An increased supplemental capital ratio makes a bank more resilient to unforeseen financial shocks.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	4.34	3.21	1.41	5.67
2018	0.89	2.54	0.72	3.15
2019	3.35	1.52	0.55	1.36
2020	3.63	1.17	0.80	0.96
2021	1.84	0.95	1.38	4.24
2022	1.30	0.63	1.29	3.42
S.D.	1.40	1.00	0.38	1.77
Mean	2.56	1.67	1.03	3.13
Rank	2	3	4	1

From Table: 4 we observe that Suryoday SFB maintain the highest supplementary capital ratio followed by AU, Ujjivan and Equitas SFB.

2. *Assets Quality Ratios*

Table 5 : Gross Non-Performing Assets Ratio

This ratio evaluates the amount of gross non-performing assets compared to the total assets of the bank. It represents the risk of possible losses from non-performing loans as well as the quality of the assets.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	2.00	3.56	3.70	6.15
2018	2.00	2.73	3.65	3.54
2019	2.04	2.53	0.92	1.80
2020	1.68	2.72	0.97	2.79
2021	4.25	3.59	7.07	9.41
2022	1.98	4.06	7.34	11.80
S.D.	0.95	0.62	2.81	3.98
Mean	2.39	3.20	3.94	5.92
Rank	1	2	3	4

Table-: 5 indicates that Suryoday SFB has the highest GNPA to total assets ratio followed by Ujjivan, Equitas, and AU SFBs which means that AU SFBs performance is good.

Table 6 : Net Non-Performing Assets Ratio

This ratio evaluates a bank's net non-performing assets relative to its total advances. Once provisions for loan -loss reserves -are made, the quality of the loan portfolio is considered adequately administered.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	1.22	1.51	0.03	3.80
2018	1.30	1.46	0.69	2.25
2019	1.29	1.44	0.26	0.44
2020	0.81	1.66	0.20	0.57
2021	2.18	1.52	2.93	4.73
2022	0.50	2.37	0.61	5.97
S.D.	0.57	0.36	1.08	2.26
Mean	1.22	1.66	0.79	2.96
Rank	2	3	1	4

From the analysis in Table 6, it can be observed that Suryoday SFB has the highest Net Non-Performing Assets to total assets followed by Equitas, AU, and Ujjivan SFBs. It means that Suryoday SFB is performing well in NNPA.

Table 7 : Investment to Total Assets Ratio

The percentage of a bank's total assets invested in securities and other financial instruments is indicated by this ratio. It assists in the assessment of resource allocation and investment-activity risk.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	21.91	20.45	17.15	37.02
2018	16.20	28.98	13.01	14.39
2019	21.95	14.87	11.04	17.66
2020	25.31	12.13	12.98	15.03
2021	20.96	15.00	12.35	27.92
2022	22.16	16.51	17.60	25.15
S.D.	2.96	6.03	2.70	8.85
Mean	21.42	17.99	14.02	22.86
Rank	2	3	4	1

From Table: 7 analyses, we can observe that Suryoday SFB has the highest total assets followed by AU, Equitas, and Ujjivan SFBs.

Table 8 : Net NPAs to Total Assets Ratio

This ratio shows how much of the financial institution's overall assets is net non-performing asset. It offers a more comprehensive view of asset quality by taking provisions and reserves into account.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	0.45	1.10	0.83	2.33
2018	0.53	0.60	12.81	1.64
2019	0.54	0.69	0.51	1.00
2020	0.57	0.88	0.60	1.51
2021	1.46	0.93	2.09	3.06
2022	0.40	0.99	0.42	3.84
S.D.	0.40	0.19	4.91	1.06
Mean	0.66	0.87	2.88	2.23
Rank	4	3	1	2

As per Table 8, Ujjivan SFB has the highest net NPAs to total assets ratio followed by Suryoday, Equitas and AU SFBs.

3. *Management Efficiency Ratio*

Table 9 : Profit per Employee

This ratio uses the profit earned per employee to evaluate a bank's productivity and efficiency. An increased ratio is indicative of improved profitability and efficient use of bank's human resources.

(in lakhs)

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	9.65	0.90	0.03	0.01
2018	3.00	0.20	6.41	0.00
019	3.00	1.50	1.53	3.04
2020	5.00	1.60	2.15	3.24
2021	6.00	2.40	2.31	0.13
2022	5.00	1.61	(0.04)	(2.13)
S.D.	2.46	0.75	2.36	2.06
Mean	5.28	1.37	2.07	0.72
Rank	1	3	2	4

Table:- 9 gives the results of profit per employee of the selected SFBs. According to the result, AU SFB has the highest Profit per employee followed by Ujjivan, Equitas, and Suryoday SFBs.

Table 10 : Business per Employee

By calculating the total revenue produced by each employee, this ratio assesses the productivity of the staff members. It offers perceptions of the scalability and operational effectiveness of the business.

(in lakhs)

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	126.05	57.00	59.14	00.43
2018	110.00	89.00	79.37	77.00
2019	234.00	132.00	113.44	109.00
2020	300.00	135.00	125.64	123.00
2021	293.00	180.00	58.59	142.00
2022	296.00	211.00	111.12	167.00
S.D.	87.61	56.58	29.36	58.74
Mean	226.51	134.00	91.22	103.07
Rank	1	2	4	3

Table: 10 gives the result of business per employee of the selected SFBs. From the above analysis, AU SFB rank a 1st followed by Equitas, Suryoday, and Ujjivan SFBs.

Table 11 : Interest Income to Total Advances

The percentage of interest income earned by a financial institution relative to its total advances (loans) is determined by this ratio. It aids in assessing how well the loan portfolio interest-income is generated.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	11.97	48.71	60.30	11.49
2018	13.28	20.02	20.01	18.22
2019	12.92	18.21	17.36	19.78
2020	15.88	19.24	19.25	21.71
2021	14.30	18.96	21.43	19.49
2022	12.85	17.86	17.33	15.16
S.D.	1.37	12.21	16.90	3.71
Mean	13.53	23.83	25.95	17.64
Rank	4	2	1	3

The Table: 11 analysis reveals that Ujjivan SFB has the highest interest income to total advances followed by Equitas, Suryoday, and AU SFBs.

Table 12 : Credit to Deposit Ratio

The use of deposits for lending activities is gauged by this ratio. It shows what percentage of a bank's deposits are utilized for credit extension. A larger ratio could be a sign of more risk as well as increased lending.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	0023.04	0296.00	2839.00	3715.00
2018	0168.00	0138.00	0194.00	0210.00
2019	0117.00	0129.00	0143.00	0168.00
2020	0103.00	0127.00	0130.00	0124.00
2021	0096.00	0103.00	0110.00	0122.00
2022	0087.00	0102.00	0089.00	0123.00
S.D.	46.96	73.40	1105.21	1456.07
Mean	99.00	149.17	584.17	743.67
Rank	4	3	2	1

As per the Table-: 12 analysis it can be observed that the Suryoday SFB has a higher Credit to Deposit Ratio (CDR) followed by the Ujjivan, Equitas, and AU SFBs.

4. *Earning Quality Ratio*

Table 13 : Return on Assets

This ratio compares the net profitability of a bank from its total assets. It offers information on how well the bank business makes use of its resources to earn maximum profit.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	3.22	1.28	0.0025	1.20
2018	1.70	0.30	0.08	0.60
2019	1.48	1.45	1.88	3.00
2020	1.81	1.39	2.21	2.50
2021	2.50	1.70	0.04	0.2
2022	1.87	1.10	(2.04)	(1.3)
S.D.	0.65	0.48	1.54	1.57
Mean	2.10	1.20	0.36	1.03
Rank	1	2	4	3

As per the Table-: 13 analyses, -we can observe that AU SFB has the highest ROA followed by Equitas, Suryoday, and Ujjivan SFBs.

Table 14 : Return on Equity (ROE)

A bank's profitability is in proportion to its equity, which is evaluated by ROE. It shows how effectively a business is generating returns for its shareholders with the equity capital.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	20.36	29.84	14.01	04.30
2018	13.70	01.57	00.40	01.95
2019	14.00	14.76	11.50	14.10
2020	17.90	14.15	13.90	11.20
2021	23.40	12.70	00.30	01.00
2022	16.40	07.75	13.80	(05.90)
S.D.	3.77	9.43	6.75	7.27
Mean	17.63	13.46	8.98	4.44
Rank	1	2	3	4

As per the Table-: 14 analyses, AU SFB has the highest ROE followed by Equitas, Ujjivan, and Suryoday SFBs. It means that AU SFB gives a high return to the shareholders.

Table 15 : Operating Profit to Total Assets Ratio

Comparing the operational profit to total assets, this ratio assesses how efficiently a business operates. It displays its capacity to earn profit from its main line of operation.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	12.05	02.77	00.37	02.50
2018	03.29	01.96	03.85	03.25
2019	02.46	02.93	02.72	07.16
2020	03.08	03.41	04.04	06.70
2021	04.33	03.59	04.81	02.36
2022	02.98	03.24	02.72	03.24
S. D.	3.65	0.59	1.56	2.15
Mean	4.70	2.98	3.09	4.20
Rank	1	4	3	2

As per the Table-: 15 analyses, we observe that AU SFB has the highest operating profit to total assets followed by Suryoday, Ujjivan, and Equitas SFBs.

Table 16 : Earning per Share

An important financial indicator called earnings per share (EPS), shows how much of a company's profit is distributed to each outstanding share of common stock. Investors frequently use it to evaluate a company's profitability on a per-share basis.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	11.20	0.00	0.61	2.90
2018	10.00	0.32	0.05	1.55
2019	13.00	2.09	1.20	12.61
2020	23.00	2.39	2.18	13.21
2021	38.00	3.53	0.05	1.31
2022	36.00	2.43	(2.40)	(8.76)
S.D.	12.60	1.36	1.54	8.20
Mean	21.87	1.80	0.28	3.80
Rank	1	3	4	2

As per the Table-: 16 EPS analysis, AU SFB is the highest during the last six years as compared to other SFBs.

5. Liquidity Ratios

Table 17 : Cash to Total Assets Ratio

This ratio evaluates the percentage of total assets kept in cash by a business. It offers information on the cash situation and the capacity to pay short-term debts.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	0.13	2.68	3.09	1.66
2018	2.61	2.90	2.09	1.42
2019	2.49	2.55	3.25	1.28
2020	2.49	1.97	6.65	1.13
2021	3.40	2.08	8.40	1.53
2022	3.57	3.55	7.13	1.95
S.D.	1.23	0.58	2.61	0.29
Mean	2.45	2.62	5.10	1.50
Rank	3	2	1	4

As per the Table-: 17 analyses, it is observed that Ujjivan SFB has the highest cash to total assets ratio followed by Equitas, AU, and Suryoday SFBs.

Table 18 : Government Securities to Total Assets Ratio

This ratio calculates the percentage of total assets held in government securities by a financial institution. It displays the investment portfolio's degree of safety and liquidity.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	05.05	19.66	17.15	28.70
2018	11.89	21.34	13.01	13.26
2019	14.89	14.24	11.11	12.39

2020	18.14	11.87	13.01	12.77
2021	15.08	14.69	11.08	26.49
2022	16.00	16.38	14.66	24.05
S.D.	4.61	3.55	2.30	7.60
Mean	13.51	16.36	13.34	19.61
Rank	3	2	4	1

As per the Table: 18 analyses, it is observed that Suryoday SFB has higher government securities holdings to total assets ratio followed by Equitas, AU, and Ujjivan SFBs. It means that Suryoday SFB has the highest investment in government securities.

Table 19 : Liquid Assets to Demand Deposit

By comparing the liquid assets to demand deposits, this ratio assesses the liquidity of the bank. It is useful in determining one's capacity to pay short-term obligations related to demand deposits.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	-	1850	226	1259
2018	550	458	1540	2224
2019	315	496	2520	1296
2020	448	836	1320	1457
2021	390	694	701	793
2022	269	517	619	1082
S.D.	110.83	529.92	824.03	483.44
Mean	328.67	808.50	1154.33	1351.83
Rank	4	3	2	1

Table 19 gives the liquid assets to demand deposits ratio, which indicate that Suryoday gets the highest ranking and it is then followed by Ujjivan, Equitas and AU SFBs.

Table 20 : Liquid Assets to Total Deposit

By comparing the liquid assets to total deposits, this ratio evaluates a financial institution's liquidity position. It offers a more comprehensive view of the capacity to meet different kinds of deposit liabilities.

<i>Year/Bank</i>	<i>AU SFB</i>	<i>Equitas SFB</i>	<i>Ujjivan SFB</i>	<i>Suryoday SFB</i>
2017	-	63.20	109.54	115.48
2018	27	31.83	41.87	43.35
2019	18	26.59	27.61	37.47
2020	19.80	27.14	28.07	29.99
2021	17.70	22.04	23.66	26.18
2022	13.15	21.10	17.90	26.90
S.D.	5.37	15.78	34.29	34.41
Mean	15.94	31.98	41.44	46.56
Rank	4	3	2	1

Table 20 analyses liquid assets to total deposits. In this ratio, Suryoday gets the highest ranking and it is followed by Ujjivan, Equitas and AU SFB.

Table 21 : ANOVA

		<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
CAR	Between groups	472.995	3	157.665	1.874	.167
	Within groups	1682.872	20	84.144		
	Total	2155.867	23			
DER	Between groups	6.131	3	2.044	.506	.683
	Within groups	80.779	20	4.039		
	Total	86.910	23			
ETA	Between groups	14.426	3	4.809	.154	.926
	Within groups	625.647	20	31.282		
	Total	640.073	23			

SCR	Between groups	11.863	3	3.954	2.259	.113
	Within groups	35.004	20	1.750		
	Total	46.867	23			
AQ1	Between groups	3.225	3	1.075	.131	.940
	Within groups	164.049	20	8.202		
	Total	167.274	23			
AQ2	Between groups	7.321	3	2.440	1.159	.350
	Within groups	42.122	20	2.106		
	Total	49.443	23			
AQ3	Between groups	143.974	3	47.991	1.217	.329
	Within groups	788.717	20	39.436		
	Total	932.691	23			
AQ4	Between groups	10.073	3	3.358	.488	.694
	Within groups	137.506	20	6.875		
	Total	147.579	23			
M1	Between groups	31.267	3	10.422	1.676	.204
	Within groups	124.352	20	6.218		
	Total	155.619	23			
M2	Between groups	3711.894	3	1237.298	.196	.898
	Within groups	119812.908	19	6305.943		
	Total	123524.802	22			
M3	Between groups	195.831	3	65.277	.495	.690
	Within groups	2639.904	20	131.995		
	Total	2835.735	23			
M4	Between groups	1742582.347	3	580860.782	.690	.569
	Within groups	16835867.975	20	841793.399		
	Total	18578450.322	23			
E1	Between groups	3.051	3	1.017	.606	.619
	Within groups	33.581	20	1.679		
	Total	36.632	23			

E2	Between groups	222.341	3	74.114	1.084	.379
	Within groups	1367.537	20	68.377		
	Total	1589.877	23			
E3	Between groups	22.457	3	7.486	1.592	.223
	Within groups	94.023	20	4.701		
	Total	116.480	23			
E4	Between groups	276.862	3	92.287	.685	.572
	Within groups	2695.561	20	134.778		
	Total	2972.423	23			
L1	Between groups	3.245	3	1.082	.261	.853
	Within groups	82.956	20	4.148		
	Total	86.201	23			
L2	Between groups	193.990	3	64.663	2.890	.061
	Within groups	447.517	20	22.376		
	Total	641.506	23			
L3	Between groups	1632430.667	3	544143.556	1.338	.290
	Within groups	8133076.667	20	406653.833		
	Total	9765507.333	23			
L4	Between groups	1350.617	3	450.206	.586	.631
	Within groups	15357.644	20	767.882		
	Total	16708.260	23			

Interpretation of ANOVA :

The above table shows the ANOVA of different variables of the CAMEL model of selected small finance banks. The table reveals that there is no significant difference in the capital adequacy ratios of selected small finance banks as the significance value is more than 0.05. The ANOVA of assets quality ratios also indicates that there is no significant difference in asset quality ratio among the selected small finance banks as the significance values of Aq1, Aq2, Aq3 and Aq4 are greater than 0.05. The ANOVA of management efficiency ratios depicts that there is no significant difference in

management quality ratios among the selected banks. ANOVA of efficiency and liquidity ratios shows a significance value greater than 0.05 which indicates that there is no significant difference in efficiency and liquidity ratios among the selected small finance banks. Overall, it indicates that all small finance banks have the same kind of performance quality.

Conclusions

In this paper, the researcher has studied the financial performance of listed small finance banks in India. The study reveals that in terms of capital adequacy ratio, Suryoday SFB has performed better as compared to other listed SFBs.

- In the debt-equity ratio AU SFB has more leverage compared to other listed SFBs and in equity to total assets ratio-, Ujjivan SFB has performed better than other SFBs, whereas in the supplementary capital ratio, Suryoday performed better as compared to other SFBs.
- In assets quality, ratio AU performs better in gross non-performing assets, whereas, in net non-performing assets, Ujjivan gets the first rank which means that the Ujjivan SFB has the lowest ratio of non-performing assets.
- In terms of interest to total assets ratio, Suryoday performed better than other SFBs and in net NPAs to total assets ratio Ujjivan SFB gets the first rank.
- In the management efficiency ratio, AU performs better in profit per employee as well as business per employee, whereas, Ujjivan and Suryoday SFBs have a negative return in profit per employee especially in 2022.
- In terms of interest income to total advances, Ujjivan performs better. Whereas in terms of credit-to-deposit ratio, Suryoday SFB get the first rank. So overall financial performance in the management efficiency ratio, AU SFB has performed better than all the other selected SFBs.
- In terms of the earning quality ratio, the AU small finance bank has performed better in return on assets, return on equity, and also in operating profit to total assets ratio.
- In terms of earning per share ratio, again AU SFB has performed better than selected

banks. So, the overall performance in terms of earning quality ratio, the AU small finance bank gets the first rank.

- In terms of cash to total assets ratio Ujjivan has performed better than the other selected SFBs, whereas, in liquid assets to demand deposit, liquid assets to total deposit and government securities to total assets ratio, the Suryoday small finance bank has performed better compared to other small finance banks.
- So, the overall performance in terms of liquidity ratio, Suryoday SFB has performed better than the other listed SFBs.

At the end of this study, the researchers have come to the conclusion that the CAMEL model is good for evaluating the overall performance of the banks. However, the CAMEL model focuses only on five parameters, and, the other parameters like value-based measures, market value added, economic value added, etc., are not included. These ignored parameters also help in knowing the economic financial performance of the banks. Better performance measurement can be achieved by combining several distinct approaches.

Based on CAMEL analysis, the ANOVA result shows that There are no significant differences in the financial performances among the selected small finance banks.

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