INSOLVENCY RISK OF SELECTED INDIAN PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT:
Various factors lead risk to the banking sector. The recent financial crisis has refocused attention on the general importance, impact and measurement of banks insolvency and liquidity risk. The banking literature nowadays has focused on the insolvency risk exposures. The present study focus on measuring the insolvency risk in banking sector. This study examined and assessed steps and methodologies used by banks to identify assess and develop a framework for the analysis and mitigation of risk.

Under the Selected Public Sector banks, Allahabad Bank falls under high risk i.e. fourth category. Whereas Bank of Baroda fall under the category I. category I signifies good position.

Under the Selected Private Sector banks, ICICI Bank, INDSIND and Dhan Lakshmi bank fall under the Category II which signifies high medium risk category of these banks, whereas HDFC and AXIS bank fall under the category II. Category II signifies a satisfactory position of these banks. However, No any Selected Private sector banks falling under category I and IV. It can also suppose that, riskiness cannot be judged solely based on the absolute values of the CAMEL ratios.

KEY WORDS: Banking Sector, CAMEL, Insolvency risk, Selected Private Sector Banks, Selected Public Sector Banks.

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