
**FINANCIAL PERFORMANCE ANALYSIS OF TELANGANA
GRAMEENA BANK USING CAMEL METHOD**

¹Ginkutla Swetha, ²Kappera Shivani, ³Gandikota Sagar, ^{*4}Dr. K. Naveen Kumar

^{1,2,3}B.COM Computer Applications, ⁴Assistant Professor of Commerce,
Badruka College of Commerce & Arts.

Article Received: 13 March 2026, Article Revised: 02 April 2026, Published on: 22 April 2026

***Corresponding Author: Dr. K. Naveen Kumar**

Assistant Professor of Commerce, Badruka College of Commerce & Arts.

DOI: <https://doi-doi.org/101555/ijarp.2354>

ABSTRACT:

This study focuses on analyzing the financial performance of Telangana Grameena Bank using the CAMEL model as a structured analytical framework. The banking sector plays a significant role in the economic development of a country by mobilizing savings, providing credit, and supporting various sectors such as agriculture, small-scale industries, and rural enterprises. In India, Regional Rural Banks (RRBs) were established to improve financial inclusion and provide banking services to underserved rural and semi-urban populations. Telangana Grameena Bank, being one of the prominent RRBs in the state, plays a vital role in supporting rural livelihoods and economic activities.

The study is based on secondary data collected from the published annual reports, financial statements, and other relevant sources of Telangana Grameena Bank for a period of five years from 2021 to 2025. A quantitative research approach is adopted to examine the financial performance of the bank. The CAMEL model is used as the primary tool for analysis, as it is widely accepted for evaluating the financial health and operational efficiency of banking institutions.

The CAMEL framework consists of five key components: Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, and Liquidity. Each of these components represents an important aspect of a bank's financial performance. Capital adequacy reflects the bank's ability to absorb potential losses and maintain stability. Asset quality indicates the level of credit risk and the extent of non-performing assets. Management efficiency evaluates how effectively the bank utilizes its resources and manages operational activities. Earnings quality measures the bank's ability to generate consistent income and sustain profitability. Liquidity

assesses the bank's capacity to meet its short-term financial obligations and maintain adequate cash flow.

In this study, multiple financial ratios under each CAMEL component are analyzed to provide a comprehensive understanding of the bank's performance. The analysis includes indicators related to capital strength, credit risk, operational efficiency, profitability, and liquidity management. The study also considers the growth trends of the bank in terms of deposits, advances, net profit, and total business over the selected period.

The purpose of this research is to provide a systematic evaluation of the financial position of Telangana Grameena Bank using a structured and widely recognized model. By examining various financial indicators, the study aims to present a clear understanding of the bank's operational and financial structure. The research also contributes to academic understanding by applying the CAMEL model to a Regional Rural Bank and highlighting its relevance in analyzing banking performance in the context of rural financial institutions.

KEYWORDS:

1. Capital Adequacy
2. Asset Quality
3. Management Efficiency
4. Earnings Performance
5. Liquidity Position

INTRODUCTION:

The banking sector plays a vital role in the economic development of a country by mobilizing savings, providing credit, and supporting investment activities. It acts as a backbone for financial stability and contributes to the overall growth of the economy. In India, the banking system has expanded its reach to rural and semi-urban areas, ensuring that financial services are accessible to a wider population.

To promote financial inclusion and reduce dependence on informal sources of finance, Regional Rural Banks (RRBs) were established in 1975 under the Regional Rural Banks Act, 1976. These banks are designed to provide affordable banking services to small and marginal farmers, agricultural laborers, artisans, and small entrepreneurs. They play an important role in strengthening the rural economy by supporting agriculture, small-scale industries, and self-employment activities.

Telangana Grameena Bank is one of the key Regional Rural Banks operating in the state of

Telangana. Established in 2014 and sponsored by the State Bank of India, the bank provides a range of financial services including deposits, loans, agricultural finance, and support for government schemes. It primarily focuses on serving rural and semi-urban areas, contributing to financial inclusion and economic support for weaker sections of society.

In the current banking environment, banks face various challenges such as rising non-performing assets, increasing competition, regulatory changes, and pressure on profitability. These challenges make it essential to evaluate the financial performance of banks in a systematic and structured manner. Financial performance analysis helps in understanding the efficiency, stability, and overall functioning of a bank.

The CAMEL model is one of the most widely used tools for evaluating the financial performance of banks. It provides a comprehensive framework based on five key parameters: Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, and Liquidity. These components help in analyzing different aspects of a bank's financial condition and operational efficiency.

This study applies the CAMEL model to analyze the financial performance of Telangana Grameena Bank using secondary data collected from its financial reports. The analysis provides a structured understanding of the bank's financial position and performance.

REVIEW OF LITERATURE:

1. Kumar and Singh (2025) Financial performance of Telangana Grameena Banks using the CAMEL model.

The study focused on capital adequacy, asset quality, management efficiency, earnings, and liquidity. Findings revealed that capital adequacy levels were generally strong, indicating financial stability. However, asset quality showed pressure due to rising non-performing assets in rural lending. Management efficiency played a significant role in improving operational effectiveness and recovery of overdue loans. Earnings performance was moderate, with interest income contributing the major share of revenue. Liquidity levels were stable, enabling banks to meet short-term obligations efficiently. Overall, the study concluded that the CAMEL framework is a reliable tool for assessing the financial health of Grameena Banks.

2. Chandramouly and Jadhav (2024) Financial performance of selected public sector banks in Telangana using the CAMELS framework.

The study evaluated six dimensions - capital adequacy, asset quality, management efficiency, earnings, liquidity, and sensitivity to market risk using secondary data from annual reports. The

analysis revealed notable variations in financial strength and operational efficiency among the banks. Capital adequacy emerged as a crucial factor for regulatory compliance and long-term stability. Asset quality indicators reflected the effectiveness of credit risk management practices. Management efficiency highlighted differences in organizational performance and decision-making capabilities. Earnings and liquidity ratios provided insights into profitability and fund management. Although focused on public sector banks, the findings are relevant for assessing the financial performance of Telangana Grameena Banks using the CAMELS model.

3. Sudharsana reddy and Siva prasad(2024)

Regional Rural Banks (RRBs) play an important role in supporting India's rural economy by providing farmers with essential financial resources. According to Reddy (2024), RRBs, established under the 1976 Act, are state-sponsored and regionally focused, which has improved their operational independence and profitability. After amalgamation, these banks have expanded priority sector lending and significantly increased deposit mobilization, rising from Rs. 64,195 crores in 2006 to Rs. 6,07,540 crores in 2023. The study highlights that with continued technology adoption and consolidation, RRBs can become even more efficient and accessible to a wider rural population. Overall, RRBs remain a key instrument for advancing financial inclusion and strengthening India's rural development (Reddy, 2024).

SCOPE OF STUDY:

The study focuses on analyzing the financial performance of Telangana Grameena Bank using the CAMEL model based on secondary data collected from its annual reports for the period 2021 to 2025. It is limited to financial indicators under the CAMEL framework

OBJECTIVES:

1. To study the evolution and overall growth of Telangana Grameena Bank using secondary data from its financial reports.
2. To analyze the financial performance of Telangana Grameena Bank using the CAMEL model.

DATA ANALYSIS & INTERPRETATION:

OBJECTIVE 1: To study the Evolution and Overall Growth of Telangana Grameena Bank using secondary data

Table 1: Growth Indicators. (2021–2025)

Year	Branches	Customers (Lakhs)	Net Profit (₹ Cr)	Deposits (₹ Cr)	Advances (₹ Cr)	Total Business (₹Cr)
2021	561	48	293	10,109	10,103	20,212
2022	561	52	373	11,039	11,272	22,311
2023	561	55	449	12,610	12,893	25,503
2024	561	59	529	14,194	14,840	29,034
2025	933	75	675	32,273	41,518	73,791

Interpretation

- The table shows the growth pattern of Telangana Grameena Bank over the period 2021 to 2025, highlighting both steady progress and sudden expansion in the final year.
- Deposits increased gradually from ₹10,109 crore in 2021 to ₹14,194 crore in 2024, indicating consistent growth in customer savings and trust in the bank. The sharp rise to ₹32,273 crore in 2025 suggests a significant increase in deposit mobilization, which may be due to expansion in branch network, improved banking services, or increased participation in government schemes.
- Advances followed a similar pattern, increasing steadily up to ₹14,840 crore in 2024 and then rising sharply to ₹41,518 crore in 2025. This indicates aggressive lending by the bank, possibly to support agriculture, small businesses, and rural development activities. The higher growth in advances compared to deposits also reflects increased credit demand in rural areas.
- Total business shows a strong increase from ₹20,212 crore in 2021 to ₹73,791 crore in 2025, which is mainly driven by the combined growth of deposits and advances. This reflects overall expansion in the bank's operations and market presence.
- Net profit increased consistently from ₹293 crore to ₹675 crore, indicating improved earnings capacity and operational efficiency. However, the growth in profit is not as sharp as deposits and advances, suggesting that while the bank expanded rapidly, profitability grew at a controlled pace.
- The number of customers increased steadily, showing improved outreach and financial inclusion. The sudden increase in branches from 561 to 933 in 2025 indicates expansion into new areas, which likely contributed to the sharp rise in deposits and advances.

Overall, the table indicates that the bank experienced stable growth in the initial years, followed by a phase of rapid expansion in 2025, driven by increased outreach, higher credit demand, and expansion of banking services.

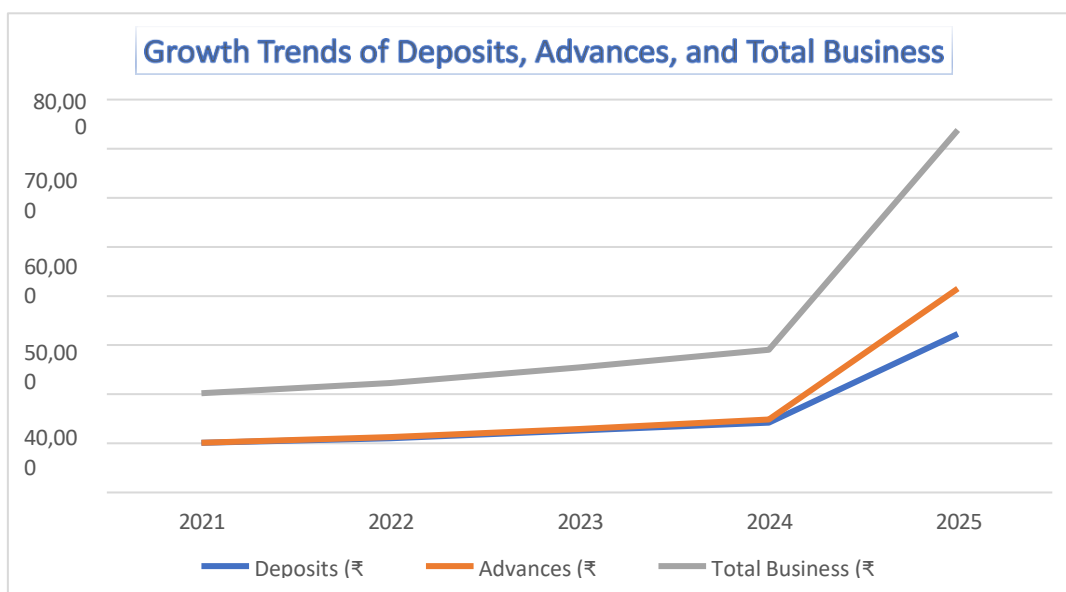


Chart 1: Trend Analysis of Deposits, Advances and Total Business (2021–2025)

- The chart visually represents the growth trends of deposits, advances, and total business over the five-year period.
- From 2021 to 2023, all three indicators show a gradual and stable increase, indicating consistent but moderate growth in banking activities. This suggests that the bank was steadily strengthening its operations during these years.
- In 2024, the growth becomes more noticeable, and in 2025, a steep rise is observed in all three indicators. Deposits increase sharply, indicating improved customer confidence and successful deposit mobilization strategies. Advances show the highest growth, reflecting aggressive lending and expansion of credit facilities, especially in rural and priority sectors.
- Total business shows a sharp upward movement in 2025, which is a direct result of the combined increase in deposits and advances. This indicates overall expansion of the bank's scale and operations.
- The sudden surge in all indicators in 2025 can be linked to branch expansion, increased financial inclusion, and possibly higher implementation of government-backed schemes and rural credit programs.

In conclusion, the chart indicates that Telangana Grameena Bank transitioned from steady growth to rapid expansion, highlighting a strong improvement in its operational scale, credit activities, and overall financial performance.

OBJECTIVE 2: To analyze the financial performance of Telangana Grameena Bank using the CAMEL Model

To evaluate the financial performance of Telangana Grameena Bank, one key ratio from each component of the CAMEL model has been selected. These include Capital Adequacy Ratio, Gross NPA Ratio, Cost to Income Ratio, Return on Assets, and Liquidity Ratio. The analysis is based on secondary data collected from the bank’s financial statements for the period 2021–2025.

- **Capital Adequacy (CAR)**

Table 2.1: Data for CAR Calculation. (2021–2025)

Year	Tier 1 Capital	Tier 2 Capital	Risk Weighted Assets
2021	1161.51	27.77	9256.25
2022	1534.68	37.70	10551.89
2023	1984.05	42.52	11783.49
2024	2513.12	47.85	12691.74
2025	8431.83	124.93	33664.67

Formula

$$CAR = (\text{Tier 1 Capital} + \text{Tier 2 Capital}) / \text{Risk Weighted Assets} \times 100$$

Calculated CAR

Year	CAR (%)
2021	12.84
2022	14.90
2023	17.20
2024	25.42
2025	25.42

The table shows a consistent increase in the Capital Adequacy Ratio from 12.84% in 2021 to 25.42% in 2025. This indicates that the bank has significantly strengthened its capital base over the years. The sharp rise, especially after 2023, suggests improved capital management and possible capital infusion. This also reflects better compliance with regulatory norms. A higher CAR indicates that the bank is financially stable and capable of absorbing potential losses, which is a positive sign for long-term sustainability.

Asset Quality (Gross NPA Ratio) Table 2.2: Data for NPA Calculation

Year	Gross NPA	Gross Advances
2021	227.63	10,103.76
2022	268.89	11,272.87
2023	263.83	12,893.00
2024	870.48	41,518.28
2025	870.48	41,518.28

Formula

$$\text{Gross NPA Ratio} = (\text{Gross NPA} / \text{Gross Advances}) \times 100$$

Calculated NPA

Year	NPA (%)
2021	2.25
2022	2.39
2023	2.05
2024	2.10
2025	2.10

□ The Gross NPA Ratio shows slight fluctuations but remains around 2% throughout the period. The increase in 2022 indicates a temporary rise in non-performing assets, possibly due to credit recovery challenges. However, the ratio improved in 2023 and remained stable thereafter. Despite a sharp increase in advances in later years, NPAs did not rise proportionately, which indicates effective credit monitoring and recovery mechanisms. This reflects stable asset quality and controlled credit risk within the bank.

Management Efficiency (Cost to Income Ratio) Table 2.3: Data for Cost to Income

Year	Operating Expenses	Total Income
2021	346.23	1541.12
2022	328.05	1628.62
2023	386.91	1747.11
2024	400.10	2194.96
2025	1165.09	2970.53

Formula

$$\text{Cost to Income Ratio} = (\text{Operating Expenses} / \text{Total Income}) \times 100$$

Calculated Ratio

Year	Ratio (%)
2021	22.47
2022	20.14
2023	22.15

2024	18.23
2025	39.22

□ The Cost to Income Ratio shows improvement up to 2024, indicating better cost control and operational efficiency. However, in 2025, the ratio increased sharply to 39.22%, reflecting a significant rise in operating expenses. This may be due to expansion activities such as increase in branches, infrastructure costs, or administrative expenses. The sudden increase indicates reduced efficiency in cost management during the final year.

Earnings Quality (Return on Assets - ROA) Table 2.4: ROA Data

Year	Net Profit	Total Assets
2021	293.96	15,373.36
2022	373.16	16,709.87
2023	449.37	19,949.28
2024	529.07	23,425.15
2025	675.30	58,001.90

Formula

$$ROA = (\text{Net Profit} / \text{Total Assets}) \times 100$$

Year	ROA (%)
2021	1.91
2022	2.23
2023	2.25
2024	2.26
2025	1.16

□ ROA shows a gradual increase from 2021 to 2024, indicating improved profitability and efficient utilization of assets. However, in 2025, the ratio declined significantly to 1.16%. This decline occurred because total assets increased at a much faster rate than net profit. This suggests that while the bank expanded its operations, the returns generated from those assets were relatively lower, affecting overall efficiency.

Liquidity (Liquid Assets to Total Assets Ratio) Table 2.5: Liquidity Data

Year	Liquid Assets	Total Assets	Ratio (%)
2021	1719.99	15,373.36	11.18
2022	852.13	16,709.87	5.10
2023	4337.29	19,949.28	21.74
2024	6938.46	23,425.15	29.62
2025	6938.46	58,001.90	11.96

Formula

$$\text{Liquidity Ratio} = (\text{Liquid Assets} / \text{Total Assets}) \times 100$$

Year	Ratio (%)
2021	11.18
2022	5.10
2023	21.74
2024	29.62
2025	11.96

□ The liquidity ratio declined in 2022, indicating lower liquid reserves. It then increased significantly in 2023 and 2024, showing improved liquidity management. However, in 2025, the ratio declined again due to a sharp increase in total assets. This fluctuation suggests that the bank actively balances liquidity and lending, but rapid expansion affected liquidity stability in the final year.

COMBINED CAMEL PERFORMANCE TABLE

Table 2.6: Summary of CAMEL Ratios

Year	CAR (%)	NPA (%)	Cost-Income (%)	ROA (%)	Liquidity (%)
2021	12.84	2.25	22.47	1.91	11.18
2022	14.90	2.39	20.14	2.23	5.10
2023	17.20	2.05	22.15	2.25	21.74
2024	25.42	2.10	18.23	2.26	29.62
2025	25.42	2.10	39.22	1.16	11.96

The overall CAMEL analysis shows that Telangana Grameena Bank experienced strong financial growth during the study period. Capital adequacy improved significantly, indicating a strong financial base and better risk-handling capacity. Asset quality remained stable, reflecting effective credit management despite expansion in lending activities.

□ However, the combined table highlights that in 2025, certain challenges emerged. Management efficiency declined due to a sharp rise in operating costs, and profitability efficiency reduced as asset growth outpaced earnings. Liquidity also showed fluctuations, indicating pressure from rapid expansion.

□ Overall, the bank demonstrates a transition from stable growth to rapid expansion. While this expansion strengthened its market presence and scale of operations, it also created pressure on efficiency and cost management. The findings suggest that maintaining balance between growth and efficiency will be important for the bank’s long-term financial performance.

SUGGESTIONS:

- The bank should focus on maintaining an optimal Capital Adequacy Ratio (CAR) by balancing risk-weighted assets and capital funds to ensure long-term financial stability.
- There is a need to further reduce Gross NPA levels by strengthening credit appraisal systems and improving loan monitoring mechanisms.
- The bank can improve operational efficiency by reducing the Cost-to-Income Ratio through better cost control and increased digital transactions.
- Increasing non-interest income sources such as service charges and commission-based services can help improve profitability.
- The bank should adopt advanced risk management practices to handle sudden fluctuations in lending and asset quality.
- Expansion of digital banking services can help in reaching more rural customers while also reducing operational costs.
- Training and development programs for employees should be enhanced to improve management efficiency and decision-making.
- The bank should ensure a proper balance between deposits and advances to maintain adequate liquidity at all times.
- Strengthening customer relationship strategies can help in improving customer retention and deposit mobilization.
- The bank should focus on sustainable growth rather than aggressive expansion to ensure profitability is not compromised.

CONCLUSION:

The study analyzed the financial performance of Telangana Grameena Bank using the CAMEL model, focusing on key indicators such as capital adequacy, asset quality, management efficiency, earnings, and liquidity. The findings indicate that the bank has shown consistent growth over the years, with significant improvement in deposits, advances, and overall business operations. However, certain areas such as asset quality and cost efficiency require continuous monitoring and improvement. The sharp growth observed in recent years suggests expansion and increased outreach, but it also highlights the need for balanced and controlled financial management. Overall, the bank demonstrates a stable financial position with potential for further growth, provided it adopts effective risk management and operational strategies.

REFERENCES:

1. Annual Reports of Telangana Grameena Bank (2021–2025)
2. Reserve Bank of India (RBI) Reports and Publications
3. NABARD Reports on Regional Rural Banks
4. Banking Sector Analysis Reports (Secondary Data Sources)
5. Official Financial Statements and Data from Telangana Grameena Bank .