

# Evaluation of Solvency Position of Nationalized Banks in India (With use of the Bankometer & Altaman's Techniques)

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**Abstract**— Banking sector is the backbone of economic development. If a particular country had been effected due to inflation of money, financial crisis, imbalance of economy development and poor supply of money circulation etc...These are all causes which can be linked for the failure of the banking sector. If one country had affected these types of causes then it automatically effects another country also because some nation's economy growth rate depends upon another nation's economy so that is the reason all nations are accepted and recognized by the BASEL's committee norms worldwide. The solvency position of banks structured and strengthens by BASEL committee norms which asses each and every bank, and also measures the financial soundness from within. Does Indian Nationalized banks following BASEL norms and what would be the financial position in the present era? To asses and evaluate the financial positions there are assorted authors suggested universally and accepted various techniques which are CAMEL, BANKOMETER (S-Score), ALTAMAN's(Z-Score), SPRINGATE's Model, OHLSON's Model, ZMIJEWSKI Model, etc., However this present study purposes rationale for solvency of selected 19 Nationalized banks in India by Ataman's(Z-score) and Bankometer (S-score)models since 2014 then to 2018.

**Index Terms**— Altaman's, Bankometer, Nationalized Banks, Solvency, BASEL Norms

## INTRODUCTION

Every nation has their own financial system which can operate economic transactions through Banks, and banking sector plays a pivotal role on all types of business deals between Govt. to Citizen's and vice versa. Every national government have also designed new policies and regulation for every bank to be maintaining for good solvency position so Banks have sound solvency position, and have been doing internal audit and external audit for strengthening themselves.

For strengthening of solvency position and avoiding bankruptcy to the banks some authors have introduced new formulas, techniques. Prof.Altaman's who developed worldwide accepted "Altaman's (Z-score)" technique for finding bank solvency is also suitable for manufacturing and

services organizations. Based on his research he introduced

standard weights which are helpful for identifying safety level of the concern organization or banks, and also standard weights are analyzing the operational, retaining earnings, earning capacity based on total introducing assets. Altaman's model is limited and not only useful to assess the Non-Performing Assets for which 'Bankometer Analysis' but also applying to the solvency position of each and every bank in all aspects. Bankometer Techniques was developed by IMF in 2002, and also accepted worldwide. Altaman's technique consists of Four ratios which are  $X_1$ ,  $X_2$ ,  $X_3$ , and  $X_4$ . Let us discuss them one by one.

$X_1$  – Indicates the extent of networking income to banks finished assets. This coefficient demonstrates the liquidity dimension of banks assets. Truth be told, basically of their business banks consistently require a great deal of working capital in order to meet flitting duties on stores. Fundamentally, net working capital can be described as a wealth of current assets over the present liabilities; and hereafter, the greater the excess the higher the extent, which genuinely adds to bank's liquidity.

$X_2$  – speaks to the dimension of profit for resources or profit for capital that is estimated by the proportion held income to average all out resources or investors' value individually. This proportion demonstrates the dimension of held income produced by bank and demonstrates the sum by which it surpasses (or falls behind) bank's advantages.

$X_3$  – It is the productivity proportion that is assessed as a proportion of income before intrigue and duties to average all out resources or investors value. This pointer shows to what degree bank's income are adequate to cover costs and produce benefit.

$X_4$  – It is the proportion of investor's value to add up to liabilities. A lower proportion recommends that bank will in general money its development utilizing more obligation capital. Be that as it may, note that the particularity of banking industry is with the end goal that the real piece of its liabilities is spoken to by store items. What's more, in the event of falling apart nature of speculation/advance, this may suggest the influence position, which thus builds, the danger of bank run, and as a result upgrades the odds of chapter 11. Consequently, for banking industry having higher value to liabilities proportion is progressively idea

Bankometer technique is useful for analyzing the solvency

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## EVALUATION OF SOLVENCY POSITION OF NATIONALIZED BANKS IN INDIA (WITH USE OF THE BANKOMETER & ALTAMAN'S TECHNIQUES)

position, this technique consists of six ratios, those are CA, EA, CAR, NPL, CI, and LA, let us explain them one by one.

**CA:** It is the fundamental standard that must be trailed by credit associations and a standout amongst the most imperative markers of bank execution, just as its soundness and limit. All in all, it describes bank's capacity to moderate conceivable monetary misfortunes utilizing its very own capital, while keeping up their client's assets. Funding to resource proportion characterizes whether bank has adequate money to help its rear ends. A higher proportion proposes that the bank utilizes progressively inner and outer wellsprings of assets to put resources into different resources. As per the central standards of IMF, the base dimension of bank's capital proportion must be 6.4% in 2018.

**EA** - describes the connection between investors' value and bank's absolute resources. As for the Indian financial framework, this proportion shows the level of bank's freedom from loan bosses. Generally, lower the proportion the more banks depend on obligation financing and the less steady its money related position. Along these lines, value to resources proportion is one of those markers that is basic for the appraisal of budgetary execution of banks and their gainfulness in the long run. Along these lines, a higher proportion is best seen as a pointer of objective money related position, since the more resources bank accounts utilizing own capital the less it relies upon outer wellsprings of subsidizing. As indicated by the suggestions of IMF, the EA coefficient ought to be not lower than 2%.

**CAR** - It is the proportion of bank's funding to its hazard weighted resource (RWA). RWA is a bank's advantage weighted by the level of credit hazard, assessed as per the recipe that is characterized by the controller (nationalized banks in India). Capital sufficiency proportion (CAR) fills in as a pointer of bank's money related soundness and its dissolvability, which may flag whether bank is capable of meeting its commitments by a specific date, subsequently if bank neglects to comply with capital ampleness models, it dangers as being unfit to endure. The base capital ampleness proportion that banks must keep up is 8% so as to work legitimately.

**NPL** - It is a pointer of bank's benefit quality, where NPL is a credit on which borrower neglects to satisfy the conditions stipulated by advance understanding. When all is said and done, it alludes to the postponement in installment of enthusiasm for the utilization of advance or reimbursement of credit vital. As indicated by the definition given by IMF, Non-Performing Loan is any advance in which intrigue and chief installment are over 90 days past due or different reasons exist to question that installments will be made in full. NPL proportion can be seen as a pointer of bank's effectiveness. On the off chance that records the lower coefficient rate, at that point increasingly proficient of the bank. Thus, a higher proportion suggests that bank is overseen inappropriately and wastefully. Also, vast offers of non-performing advances can cut down bank? In consistence with the universal financial practice, the NPL coefficient of fewer than 5% is viewed as worthy.

**CI** - is a coefficient that demonstrates the cost dimension

normal for banking movement. This proportion is lower rate, at that point high rate than the bank's pay, though a higher proportion suggests lower gainfulness. As per central standards of IMF, the CI proportion must be close to 40%.

**LA** – can be seen as a pointer of bank's liquidity. Banks want to have higher LA proportion, since it shows higher gainfulness. In any case, note that banks need to meet the prerequisites set up by the Nationalized Banks of India regarding measure of fluid resources that are important for everyday activities and upkeep of money holding proportion. IMF prescribes this proportion to be under 65%.

### METHODOLOGY OF THE STUDY

#### *Objectives:*

To be see sights of Nationalized Banks' Financial Performance.

To Assess the Solvency Position of Nationalized Banks.

To Identify and illustrate Safety Level Zones of Nationalized banks'.

#### *Hypothesis*

H1: Minor prescient capacity of the Altman's model to conjecture the budgetary circumstance of Indian banks.

H2: Higher prescient capacity of Bankometer model to gauge money related circumstance of Indian banks.

**Data Collection:** This study does not disclose the primary data of Nationalized banks so that we had taken the Annual reports of the 19 banks that leads to analysis of our study.

**Population and sample of the study:** This study evaluated financial performance of nationalized banks of 27 PSB's which are 19 nationalized, SBI along with 5 associate banks, IDBI bank and Bharatiya Mahila Bank.

**Tools and Models:** Multiple regression analysis, Bankometer model (S-Score) and Altaman's Model (Z-Score) and graphs.

### REVIEW OF LITERATURE:

Md.Zahidur Rahman (2017) directed an investigation to quantify the money related soundness of a few chosen private business banks of Bangladesh (2006-10), and resulted the soundness of financial position of the banks yielded to allotted ranks and partial-wealth (loans, higher deposits, investments, branches and employees) of banks.1

Indra Kumar Kattel (2014) surveyed the Financial Solvency of Selected Commercial Banks of Nepal using utilization of Bankometer (2007-12), and resulted that all the private and joint undertaking banks are in sound cash related position and private division banks are financially sounder interestingly with joint undertaking banks.2

Amin Jan and Maran Marimuthu (2015) examined the monetary attributes with respect to liquidation of Islamic Banking industry and perform a comparative analysis of their financial characteristics with regards to bankruptcy.3

Chotalia T.N.Rao (2014) has made an appraisal of fiscal prosperity of inspected private sector banks with



Altman's z-score model and the study resulted the private sector banks falls in Gray Zone, and there is credibility of cash related

agony in some private portion banks.4

Roli Pradhan (2014) has made Z score estimation for Indian open segment banks and found the situation has been dynamic and stable.5

Md.Rashedul Hoque and Md.Israt Rayhan (2013) assess effectiveness estimation on banking area in Bangladesh with utilization of improvement examination (DEA). It is a non-parametric technique tasks inquire about in financial matters for the estimation of creation outskirts. He demonstrated and investigating the banks and distributed dependent on results given positions.6

Amir Hussain Shar, Dr.Muneer Ali Sha and Dr.Hajan Jamali (2010), execution Evaluation of Banking Sector in Pakistan: an utilization of Bannkometer. Bankometer proportions were gotten both from CAMELS system and CLSA stress test parameters with slight changes in their points of confinement and rates. The rates of the chose proportions were changed just to integrate the estimations of banks soundness. The investigation is a spearheading endeavor to apply bankometer on banks working in Pakistan and affirms a system to measure dissolvability of individual banks.7

Qamruzzaman, M. (2014) examined private business

**Table 1: Altman's Model for expecting the possibility of Bankruptcy of Banks' for Emerging-Markets.**

$Z(A) = 3.25 + 6.5X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4$	
Variables of Model	Figures
Z(A)= Incorporated Indicator of Bankruptcy Threat	If <b>Z(A) &gt; 2.60- Safe Zone</b> (Low Probability of Bankruptcy)  <b>1.1 &lt; Z(A) &lt; 2.60- Grey Zone</b> ( Probability of Bankruptcy is not high; however it cannot be excluded)  <b>Z(A) &lt; 1.1-Distress Zone</b> ( There is no probability of Bankruptcy)
X <sub>1</sub> =Net working Capital/Total Assets	
X <sub>2</sub> =Retained Earnings/Total Assets	
X <sub>3</sub> =Earnings Before Interest and Taxes/Total Assets	
X <sub>4</sub> =Book Value of Equity/Total Liabilities	

Source: Altman E.I, 2005.

**Table 2: Bankometer Model for expecting the possibility of Bankruptcy of Banks'.**

$S = 1.5X_1 + 1.2X_2 + 3.5X_3 + 0.6X_4 + 0.3X_5 + 0.4X_6$	
Variables of Model	Figures
S=Integrated Indicator of Bankruptcy Threat	If: <b>S &lt; 50%</b> - bank tends to experience financial difficulties and risk is perceived as <b>high</b>  <b>50% &lt; S &lt; 70%</b> - bank is placed in <b>Gray Area</b>  <b>S &gt; 70%</b> - bank tends to be in a <b>Healthy State</b>
X <sub>1</sub> =CA (Capital to Assets Ratio) >=45%	
X <sub>2</sub> =EA(Equity to Assets Ratio)>=02%	
X <sub>3</sub> =CAR(Capital Adequacy Ratio)40% <=CAR >=08%	
X <sub>4</sub> =NPL(Non-Performing Loans to Loans Ratio)<=15%	
X <sub>5</sub> =CI(Cost to Income Ratio)<=40%	
X <sub>6</sub> =LA(Loans to Assets Ratio)<=65%	

Source: H. Jamali, Shar, H.A., and M. Ali Shah.

banks in Bangladesh utilizing S-score and Z-score for dissecting the monetary position of banks the analyst accepting 20 banks as test from 30 recorded private business banks in Dhaka Stock. His investigation found that both S-score and Z-score show comparative outcomes proposes budgetary position in five years.8

Edward I. Altman (1968), presented end of proportion examination as an explanatory system in surveying the execution of the business ventures. It forecast of corporate chapter 11 is utilized as an illustrative case. Explicitly a lot of money related and monetary proportions will be researched in a chapter 11 expectation setting wherein a numerous segregate factual procedure is utilized. He demonstrated investigation with the assistance of restricted assembling companies.9

## RESULTS & DISCUSSIONS

This research focuses on the assessment of the economic reliability of Nationalized Banks by using Altman's and Bankometer models. The following tables are the structure of the variables and its notation for interpretation of bankruptcy and its level.

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**Table 3: Assessment and outcomes of Z-Score to Nationalized Banks' of India for 2018.**

$Z(A) = 3.25 + 6.5X_1 + 3.26 X_2 + 6.72X_3 + 1.05X_4$							
Variables		X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	Z(A)	Classification
Sno.	Bank Name(s)	2018					
1	ANDHRA BANK	0.96	3.97	(225.4)	0.49	(1491.74)	<b>DZ</b>
2	CORPORATION BANK	6.12	4.74	(1.83)	0.15	46.34	SZ
3	OBC	2.71	4.78	(2.52)	0.27	19.79	SZ
4	VIJAYA BANK	7.47	5.25	0.41	0.73	72.44	SZ
5	PUNJAB AND SIND BANK	3.36	4.94	(0.65)	0.5	37.35	SZ
6	UNITED BANK OF INDIA	4.76	3.91	(1.00)	2.07	42.39	SZ
7	UNION BANK OF INDIA	2.76	4.91	(1.36)	0.24	28.30	SZ
8	UCO BANK	6.1	3.48	(2.04)	1.06	41.64	SZ
9	SYNDICATE BANK	0.71	4.17	(0.99)	9.48	24.76	SZ
10	PNB	1.08	5.63	(1.7)	0.07	17.27	SZ
11	IOB	3.53	3.38	(254.04)	1.97	(1667.86)	<b>DZ</b>
12	INDIAN BANK	0.87	7.11	0.49	0.19	35.57	SZ
13	DENA BANK	6.77	5.75	(1.59)	1.87	57.27	SZ
14	CANARA BANK	0.49	5.65	(0.68)	0.12	20.41	SZ
15	CBI	4.81	4.71	(0.02)	0.8	50.57	SZ
16	ALLAHABAD BANK	0.78	3.71	(2.6)	0.33	3.28	SZ
17	BANK OF BARODA	0.42	5.73	0	0.07	24.73	SZ
18	BANK OF MAHARASHTRA	3.94	4.69	(0.73)	1.66	40.98	SZ
19	BANK OF INDIA	2.59	5.49	(1.4)	0.29	28.87	SZ
	a	3.17	4.84	(26.19)	1.1768	(135.13)	

Where a =average value in the market, SZ=SAFE reports of Banks.  
 ZONE, GZ=GREY ZONE, DZ=DISTRESS ZONE

Source: Composed by the Authors depend on the Annual

**Table 4: It depicts the tendency of the Nationalized banks in India for the period from 2014 to 2018.**

$Z(A) = 3.25 + 6.5X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4$						
Sno.	Bank Name(s)	Year(s)				
		2014	2015	2016	2017	2018
1	ANDHRA BANK	18.71	45.28	45.38	29.62	(1491.68)
2	CORPORATION BANK	14.32	15.64	44.11	31.72	46.71
3	OBC	22.45	19.67	38.41	46.98	19.96
4	VIJAYA BANK	21.93	21.04	41.04	19846.97	72.89
5	PUNJAB AND SIND BANK	15.71	18.68	39.32	239.93	37.55
6	UNITED BANK OF INDIA	1.53	13.79	31.83	45.17	42.68
7	UNION BANK OF INDIA	18.03	19.81	35.30	69.22	28.48
8	UCO BANK	17.99	16.94	25.00	75.90	42.02
9	SYNDICATE BANK	16.80	19.72	15.21	81.37	24.80
10	PNB	28.78	31.54	33.28	100.67	17.34
11	IOB	24.87	17.88	17.58	103.28	(1667.65)
12	INDIAN BANK	26.03	27.52	32.33	111.23	35.63
13	DENA BANK	27.31	25.05	47.03	119.29	57.68
14	CANARA BANK	13.05	14.21	16.14	111.03	20.44
15	CBI	14.28	16.81	25.33	119.05	50.86
16	ALLAHABAD BANK	11.18	7.08	15.57	122.51	3.34
17	BANK OF BARODA	23.07	14.51	22.00	141.71	24.76
18	BANK OF MAHARASHTRA	14.09	11.86	28.70	139.01	41.22
19	BANK OF INDIA	21.24	16.06	27.95	153.23	29.03
	a=average in market value	18.49	19.64	30.61	1141.47	(134.94)

Source: Compose by the authors depend on the Annual reports of Banks.



**Table-5. Assessment and outcomes of S-Score for Nationalized Banks for 2018.**

$S = 1.5X_1 + 1.2X_2 + 3.5X_3 + 0.6X_4 + 0.3X_5 + 0.4X_6$								Classification	
Variables		$X_1$	$X_2$	$X_3$	$X_4$	$X_5$	$X_6$	S	
		$CA \geq 045\%$	$EA \geq 02\%$	$40\% \leq CAR \geq 08\%$	$NPL \leq 15\%$	$CI \leq 40\%$	$LA \leq 65\%$		
S.No.	Bank Name(s)	2018							
1	Allahabad Bank	9.05	0.37	40.07	5.4	63.5	72.88	205.70	HS
2	Andhra Bank	7.67	0.37	43.33	5.03	59.56	70.86	212.83	HS
3	Bank of Baroda	8.7	0.07	46.09	6.27	48.92	67.95	220.06	HS
4	Bank of India	7.98	0.19	42.49	7.8	50.87	66.72	207.54	HS
5	Bank of Maharashtra	9.54	1.99	38.5	11.4	47.93	65.21	198.75	HS
6	Canara Bank	7.44	0.12	45.01	5.77	48.4	70.95	215.20	HS
7	Central Bank of India	8.27	0.96	38.32	10.8	53.43	50.03	190.19	HS
8	Corporation Bank	6.9	0.18	32.3	10.2	56.19	64.43	172.36	HS
9	Dena Bank	11.42	2.17	38.81	13.2	55.09	62.78	205.12	HS
10	Indian Bank	10.95	0.22	43.92	4.2	37.96	72.74	213.41	HS
11	Indian overseas Bank	7.87	2.36	32.37	15	71.61	63.75	183.91	HS
12	Oriental bank of Commerce	7.57	0.32	36.75	10.8	65.23	68.92	193.98	HS
13	Punjab National Bank	8.7	0.06	45.5	6.99	63.44	66.7	222.27	HS
14	Syndicate Bank	6.92	0.52	42	7.34	51.17	76.94	208.53	HS
15	Union Bank of India	7.72	0.28	40.25	9.6	51.78	73.1	203.32	HS
16	United bank of India	7.7	1.17	29.61	9.6	48.89	50.19	157.09	HS
17	Punjab and Sind Bank	8.12	0.6	39.37	6.6	41.73	66.7	193.85	HS
18	UCO Bank	7.03	0.5	38.29	15	57.34	59.3	195.08	HS
19	Vijaya Bank	6.44	0.75	38.39	1.2	36.47	72.59	185.62	HS
	$\bar{a}$	8.21	0.69	39.54	8.53	53.13	66.46	199.20	HS

$\bar{a}$ =Average in market HS-Healthy State; GA-Grey

Area; HR-High Risk

Source: Composed by the Authors depend on the Annual reports of Banks.

**Table 6: Assessment and Outcomes of S score for Nationalized Banks of India from 2014-2018.**

$S = 1.5X_1 + 1.2X_2 + 3.5X_3 + 0.6X_4 + 0.3X_5 + 0.4X_6$						
Sno.	Bank Name(s)	Year(s)				
		2014	2015	2016	2017	2018
1	Allahabad Bank	187.04	179.90	185.35	193.60	205.70
2	Andhra Bank	198.23	191.07	185.88	196.85	212.83
3	Bank of Baroda	213.94	200.52	209.54	215.93	220.06
4	Bank of India	187.33	174.68	188.37	204.83	207.54
5	Bank of Maharashtra	185.75	200.99	193.84	195.49	198.75
6	Canara Bank	200.62	177.78	180.04	187.45	215.20
7	Central Bank of India	183.58	199.34	192.07	180.39	190.19
8	Corporation Bank	196.90	183.96	180.75	189.72	172.36
9	Dena Bank	186.60	184.46	189.63	198.12	205.12
10	Indian Bank	217.11	214.93	221.03	225.85	213.41
11	Indian overseas Bank	186.21	176.88	176.34	191.72	183.91
12	Oriental bank of Commerce	198.04	192.51	200.08	201.41	193.98

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13	Punjab National Bank	111.38	125.46	147.19	223.66	222.27
14	Syndicate Bank	91.88	90.44	140.36	167.01	208.53
15	Union Bank of India	185.33	179.02	186.15	201.57	203.32
16	United bank of India	195.34	189.20	176.45	171.35	157.09
17	Punjab and Sind Bank	183.24	187.81	185.70	190.20	193.85
18	UCO Bank	216.13	201.53	174.35	188.82	195.08
19	Vijaya Bank	220.53	202.85	204.43	189.49	185.62
	$\bar{a}$	186.59	181.76	185.14	195.45	199.20

$\bar{a}$ =Average value in market

1141.47.

Source: Composed by Authors.

**Table no: 7 Comparisons between Altaman Score and Bankometer Score**

Year	Altaman Model		Bankometer Model	
	Average	Safety Level	Average	Safety Level
2014	18.49	Safe zone	186.59	H.S
2015	19.64	Safe zone	181.76	H.S
2016	30.61	Safe zone	185.14	H.S
2017	1141.47	Safe zone	195.45	H.S
2018	(134.94)	Distress zone	199.20	H.S

**DISCUSSIONS**

Table-3 representing financial position of 19 nationalized banks in 2018. Here financial position indicates with three zones those are safe zone, grey zone and dangerous zone. As per results Andhra bank and Indian overseas bank got less than of 1.1, so both banks are in dangerous zone, remaining banks all got more than of 2.60 so all banks are in safe zone. The outcomes of the Altman Z-score model are pinpointing the facts that 17 nationalized banks are in Safe Zone, two banks are in Distress Zone, and the aggregate market value is pessimistic (135.13).

Table-4 speaking to propensity of the Nationalized banks in India for the period from 2014 to 2018. The pattern has seen from 2014 to 2018 normal market esteem is expanded from 2014 to 2017. Be that as it may, in 2018 the pattern transforms into negative way. Further, the outcomes displayed in Table-4 for the Altaman model propose that in 2014 there are 18 nationalized banks in safe zone, 01 bank in hazy area. With respect to 2015 to 2017 all banks are (19) in safe zone just, however in 2017 all banks are involved most astounding wellbeing position. Be that as it may, coming to 2018, 17 banks are in safe zone and 02 banks are in trouble zone, out of 17 banks one bank (Allahabad bank – 3.34) is simply crossed from dark position to wellbeing position. The normal z-score is least an incentive in 2018 (134.94), and most elevated normal incentive in the time of 2017 is

Table-5: speaking to the estimation of dissolvability score (S-score) for 19 nationalized banks of India from 2018. As indicated by the outcomes, all banks considered in the examination gain dissolvability score that is above worthy edge of at the very least 70% for bankometer model. Accordingly, it suggests that, in 2018 banks will in general keep up sound budgetary execution and, by and large, don't encounter genuine money related troubles, and along these lines can be delegated "overly solid banks". Specifically, Bank of Baroda has the most elevated score of 181.34, trailed by Punjab national bank 179.74. The most minimal score is joined bank of India 126.62. Further, note that the normal S-score for banking part in 2018 is equivalent to 160.31 percent, which fundamentally surpasses the security furthest reaches of 70 percent for connected model. The normal S-score and incentive in 2018 is 199.20

Table-6 is representing solvency position of nationalized banks from 2014 to 2018. Here all banks are got more than 70%, so all banks are in healthy position. All nationalized banks are occupied highest safety position in 2018. The lowest average market value in the year of 2015 is 181.79 and highest average value in the year of 2018 is 199.20.

Table-7 is representing comparison of Altaman score to Bankometer score. As of observing from 2014 to 2017 both techniques are showed safety level, but in 2018 altaman noticed entire banking trend is distress zone but bankometer showed highest safety zone.

**CONCLUSION**

Utilizing the example of Nationalized Banks in India, the creator leads an examination and tests the capacity of various methodologies toward the assessment of benefit of banks insolvency that are based on different methodological establishments. The consequences of examination check the theory expressed previously:

H1: Little prescient capacity of the Altaman Z-Score model to conjecture budgetary circumstance of banks of the Indian Nationalized Banks

H2: Superior prescient capacity of Bankometer (S-Score) model to conjecture budgetary circumstance of banks of the Indian Nationalized Banks

With the end goal of examination, the creator gathers the information for the example of 19 nationalized banks that are distinctive as far as size, open interest and nearness of



remote capital. These banks will in general show moderately great

budgetary execution, and none of them default amid the time of the examination (2014 to 2018)

As indicated by the after effects of the Altman Z-Score model, a few banks under the investigation are anticipated to have a danger of insolvency. Specifically, Altman's model recommends Low likelihood of insolvency isn't not exactly of 2.6, on the off chance that might be records between from 1.1 to 2.6; at that point it is likewise treated as low likelihood of liquidation. So concerning the Bankometer model, which is moderately as of late built up, the outcomes are demonstrate of the way that there are no bankrupt banks in the example for the dissected period, which as a rule reflects and reaffirms the relatives of today. According to examination all banks are keep up unfaltering dissolvability position. In fact, the financial arrangement of India is emphatically upheld by the state strategy that is gone for the support of solidness of the budgetary framework.

In this quick developing worldwide focused condition, rivalry among banks is getting exceptional and client's desire has turned into the most concerning issue to the banks. Consequently, soundness of bank has turned into the most urgent issue for structure feasible money related framework which prompts monetary advancement. This investigation expects to look at the money related soundness of nationalized banks of India. In any case, the outcomes recovered from Bankometer display shows that every one of the banks have reliably kept up the soundness as the dissolvability scores of the considerable number of banks have been a lot higher than the farthest point of 70% over the time of 2014-2018. As indicated by Bankometer evaluation for the year 2018, every one of the banks have satisfied the necessity of individual parameter of this model albeit the vast majority of the banks have not ready to limit their expense to salary proportion underneath 40 percent and advance to resources proportion beneath 65 percent as recommended by IMF rules. Despite the fact that, this model has not been broadly natural and not yet been perceived as a substantial examination for money related trouble of banks but since of its effortlessness this model has been tried by numerous scientists around the globe for anticipating the monetary soundness of banks and looking at the outcomes among indebted and bankrupt banks. The examination infers this recently settled Bankometer model will assist the banks inside administration with avoiding indebtedness issues by controlling their tasks legitimately and expel the deficiency created from wastefulness in managing banking exercises. This investigation additionally proposes every one of the banks to keep up the steady dissolvability to guarantee sound money related framework which is the pre-imperative for the financial development of the nation.

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