

Study the Effect of Adequate Capital on Bank Liquidity an "Applied Study of the Sample" in Indian Banks

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Abstract- The public and private banking sector faces many risks, on top of which is the liquidity risk resulting from the bank's inability to meet with short-term or long-term commitments, and in return, banks have sought to consolidate their financial positions by implementing the decisions of the Basel Banking Supervision, especially with regard to the criterion of capital adequacy, which leads to achieving financial stability the research aims to demonstrate the positive aspects of the capital adequacy criterion in improving the liquidity position in banks, increasing their ability to meet short-term commitments, and reducing the level of liquidity risk from Banks may be exposed to them, especially in times of financial and banking crises, and especially at the present time the fluctuations that banks face in the financial and other markets We conclude from this study that the general Indian banking sector is more fulfilling and adhering to international standards in terms of maintaining the capital adequacy ratio.

Research Methodology; The research was based on the descriptive approach to cover the mathematical side of the research, in order to reach the goals in the applied aspect of the study the analytical method was adopted, as it analyzes the numerical data contained in the reports search as well as balance sheets and final accounts which are an annual source for Indian banks sample data needed for analysis duration of the search.

Results; this study that the public Indian banking sector is more fulfilling and adhering to international standards in terms of maintaining the capital adequacy ratio. As for the Indian private banking sector, where it appears that there are varying fluctuations in maintaining the ratio of capital adequacy and these reasons are due to the tendency of private banks to raise the level of Risks to obtain satisfactory profits and vice versa.

Conclusions; The study demonstrated the strength of the Central Bank's control measures over government banks that have been achieved the minimum head sufficiency standard, The

Indian Central Bank has not taken measures to strengthen the capital base of the banks and especially with regard to raising the cap on paid up capita.

Keywords: the effect of adequate capital on bank liquidity.

III. INTRODUCTION

The banking sector is one of the components of the financial sector, and at the same time the economic sector is most exposed to risks the world has witnessed many banking and financial crises that had negative effects that led to the losses in the activity of some banks and their bankruptcy, which prompted the search for tools and methods that enable banks to obtain dealing with and facing the risks resulting from these crises in a more efficient and effective manner, which prompted industrialized countries to establish the Basel Committee on Banking supervision within the framework of the Bank for International Settlements, and this committee issued proposals it would improve banking supervision methods, which would help achieve stability in the financial and banking system, during the year 1988, the Basel Committee for Capital Adequacy established a minimum capital requirement accompanied version in the broad sense it is called the capital base, in relation to contingent liabilities.

The Impact of Bank Capital, Bank Liquidity and Credit Risk on Profitability in Post Crisis Period: (**Aggarwal, (2001).**)A Comparative Study of US and Asia this study shows the extent of the impact of liquidity and capital on profitability, and also there is a source of risk on trust that is in favor of profitability, as the results of the study also indicate that profitability has a direct effect on the capital of large banks with a positive effect, as for medium banks, which are negatively affected by profitability. As for the effect of capital on profitability, it will be positive for large and medium banks, in our current study, we will focus on the extent of the effect of the capital adequacy ratio on liquidity, while this research paper has indicated the extent of the impact of capital on profitability[1].

The Effect of Liquidity and Capital Structure on Organization Performance: (**Akhvein, (1997).**) Evidence from Banking Sector this study shows the extent of the impact of liquidity and capital structure on the financial performance as the study sample consisted of 10 banks where the result of the study was dependent on the gradual regression to know the extent of the effect, if any. Therefore, it is recommended that all banks pay direct attention to capital. The difference between the two studies is that this study focuses on the extent of the impact of capital and liquidity on financial performance. The current study focuses on the extent of the effect of capital adequacy on liquidity[2].

Impact of capital on financial performance of banks: (**Molyneux, (1995)**) The case of Tunisia it is well known that capital and financial performance are two important variables in the financial and banking sector. They demonstrate the ability of banks to generate sustainable benefits, huge profits, and address systemic shocks. The researcher used a straightforward pattern to experimentally study the relationship between capital and financial performance by approximating, the author found that the relationship between capital and financial performance (ROA, ROE, NIM) is positive. But only the relationship between capital and return on assets is statistically significant. As for our current study, as there is a common

denominator and a gap in the extent of the impact of capital, where in the previous study it measures the relationship between it and the return on assets. As for the current study, it focuses on the relationship between capital adequacy and liquidity[4].

The research seeks to achieve two main objectives, namely Explaining the importance of the bank capital adequacy standard in achieving stability in the banking sector and strengthening the financial position of banks, statement of the positive correlation between the capital adequacy standard and bank liquidity, which is reflected in strengthening the liquidity position of Indian commercial banks and raising their ability to cover liquidity risks that may be exposed.

Methodology The research was based on the descriptive approach to cover the mathematical side of the research, in order to reach the goals in the applied aspect of the study the analytical method was adopted, as it analyzes the numerical data contained in the reports search as well as balance sheets and final accounts which are an annual source for Indian banks sample data needed for analysis duration of the search.

II. RELATED WORK

Calculating the Capital Adequacy Ratio and Bank Liquidity for Banks Research Sample

Basel III standards stipulate a risk-weighted equity capital of 8%. However, according to the standards of RBI, ask the Indian scheduled commercial banks to maintain the CAR by 9%, while the emphasis is on the Indian public sector banks to maintain the CAR by 12%

Table 1 Capital Adequacy Ratio the period (2010/2020)

Sr.No	Capital Adequacy Ratio (%)											
1	Indian public sector Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	bank of india	12.94	12.17	11.95	11.02	9.97	10.73	12.01	12.14	12.94	14.19	13.1
	12% standard	108%	101%	100%	92%	83%	89%	100%	101%	108%	118%	109%
	Canara Bank	13.43	15.38	13.76	12.4	10.63	10.56	11.08	12.86	13.22	11.9	13.65
	12% standard	112%	128%	115%	103%	89%	88%	92%	107%	110%	99%	114%
	Bank of Maharashtra	12.78	13.35	12.43	12.59	10.79	11.94	11.2	11.18	11	11.86	13.52
	12% standard	107%	111%	104%	105%	90%	100%	93%	93%	92%	99%	113%
	Union Bank	12.51	12.95	11.85	11.45	10.8	10.22	10.56	11.79	11.5	11.78	12.81
	12% standard	104%	108%	99%	95%	90%	85%	88%	98%	96%	98%	107%
2	Indian private sector Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Axis Bank	15.8	12.65	13.66	17	16.07	15.09	15.29	14.95	16.57	15.84	17.53
	9% standard	176%	141%	152%	189%	179%	168%	170%	166%	184%	176%	195%
	HDFC Bank	17.44	16.22	16.52	16.8	16.07	16.79	15.53	14.55	14.82	17.11	18.52
	9% standard	194%	180%	184%	187%	179%	187%	173%	162%	165%	190%	206%
	ICICI Bank	19.41	19.54	18.52	18.74	17.7	17.02	16.64	17.39	18.42	16.89	16.11
	9% standard	216%	217%	206%	208%	197%	189%	185%	193%	205%	188%	179%
	Karnataka Bank	12.37	13.33	12.84	13.22	13.2	12.41	12.03	13.3	12.04	13.17	12.66
	9% standard	137%	148%	143%	147%	147%	138%	134%	148%	134%	146%	141%

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 1 shows for the public and private Indian banking sector, the statutory reserve for the public banking sector is 12% and the statutory reserve for the private sector is 9% for the public sector, as Canara Bank achieved its highest level of 128% during the year 2011, while the lowest level for all banks is 85% for Union Bank During the year 2015. As for the private

sector, the highest reserve ratio for Asia Bank was 216% for the year 2010, while the lowest level achieved by Karnataka Bank was at 137% for the year 2010.

We conclude from this table that the Indian public and private banking sectors have exceeded the permissible limit for the capital adequacy ratio, as the public sector achieved (128% - 85%), and the private sector also achieved a different result from that of the public sector banks. Where it achieved (216% -137%), as the public sector shows stability in the public sector banks, as for the private sector, which has achieved a sharp rise and a sharp decline in some cases.

Table 2 Current ratio the period (2010/2020)

Sr.No	Current Ratio											
1	Indian public sector Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	bank of india	0.02	0.04	0.03	0.03	0.04	0.03	0.05	0.05	0.05	0.06	0.06
	Canara Bank	0.01	0.02	0.03	0.03	0.03	0.03	0.04	0.05	0.06	0.06	0.06
	Bank of Maharashtra	0.03	0.03	0.03	0.03	0.02	0.02	0.04	0.05	0.07	0.08	0.08
	Union Bank	0.02	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.05	0.06	0.05
2	Indian private sector Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Axis Bank	0.03	0.02	0.03	0.03	0.03	0.03	0.07	0.1	0.1	0.1	0.13
	HDFC Bank	0.03	0.06	0.08	0.06	0.06	0.04	0.07	0.06	0.04	0.05	0.04
	ICICI Bank	0.14	0.07	0.07	0.09	0.09	0.06	0.13	0.12	0.12	0.12	0.09
	Karnataka Bank	0.03	0.03	0.02	0.02	0.02	0.03	0.06	0.05	0.05	0.05	0.07

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 2 shows the trading ratios for the public and private sectors, we review the public sector, as it achieved the highest level of trading at a rate of 0.08 bank of Maharashtra during the year 2020, as for the lowest level of trading ratios, as Canara Bank achieved 0.01 during the year 2010. As for the private sector, where the highest level is 0.12 for ICICI Bank during the year 2017, while the lowest level is 0.02 for the same bank.

We conclude from this table that the Indian public and private banking sector is tradable, with the public banking sector achieving the highest circulation ratio (0.02-0.12), while the private sector has a trading ratio (0.02-0.08), which is clearly a slightly higher circulation ratio for the public sector.

Table 3 Quick Ratio the period (2010/2020)

Sr.No	Quick Ratio											
1	Indian public sector Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	bank of india	22.15	19.06	20.79	28.08	23	29.03	30.9	29.3	41.67	29.21	24.12
	Canara Bank	26.98	29.34	29.11	23.76	23.4	22.19	25	25.72	24.67	26.78	29.97
	Bank of Maharashtra	22.75	20.82	21.52	24.9	25.51	22.9	30.89	24.77	33.27	12.73	24.99
	Union Bank	24.65	23.22	28.45	31.85	30.41	28.83	36.65	35.16	40.77	38.98	26.09
2	Indian private sector Banks	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Axis Bank	19.19	19.6	21.63	20.1	18.57	20.64	25.74	17.1	20.02	17.84	17.6
	HDFC Bank	7.14	6.89	6.2	7.84	8.55	12.69	14.51	11.19	17.48	16.61	16.62
	ICICI Bank	14.7	15.86	16.71	10.53	11.31	13.81	14.97	16.31	20.44	18.66	15.76
	Karnataka Bank	14.89	23.77	23.93	26.8	21.25	25.29	31.13	30.21	42.4	41.73	43.39

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 3 shows the quick ratio of the Indian banking sector, both public and private. First, we review the public banking sector, as it achieved the lowest level in relation to the public sector, where the Bank of India was 22.15 in 2011 and the highest level achieved by Union Bank with a rate of 40.77 in 2018. As for the private sector, where it achieved the lowest level of 17.1 for Axis Bank for the year 2017, and the highest level of the rapid liquidity ratio achieved by Karnataka Bank which is the fast liquidity ratio of 42.4 for 2018

We can conclude from this table the speed of the liquidity ratio for the two sectors, as the private sector achieved the highest and lowest levels for the same period (17.1-42.4). As for the public sector that achieved the highest and lowest level of rapid liquidity rates (22.15-40.77), it is evident from this activity that these two sectors are very close. The public sector is also characterized by the private sector, at 2%.

III. Analysis of the effect of capital adequacy on bank liquidity, research sample

Table 4 The effect of the capital adequacy ratio on the liquidity indicators Bank of India for the period (2010/2020)

Sr.No	CAR	liquidity	
year	bank of india	Current Ratio	Quick Ratio
2010	12.94	0.02	22.15
2011	12.17	0.04	19.06
2012	11.95	0.03	20.79
2013	11.02	0.03	28.08
2014	9.97	0.04	23
2015	10.73	0.03	29.03
2016	12.01	0.05	30.9
2017	12.14	0.05	29.3
2018	12.94	0.05	41.67
2019	14.19	0.06	29.21
2020	13.1	0.06	24.12

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 4 The effect of the capital adequacy ratio on the liquidity indicators of the Bank of India as there is a negative effect on the liquidity indicators and this is due to the availability of cash liquidity and deposits, but with the lack of investment opportunities, which caused this direct effect. As shown in Table 4, the greater the capital adequacy ratio, the greater Bank liquidity ratio.

We conclude from this table that there is a direct effect of capital adequacy on liquidity ratios.

Table 5 The effect of the capital adequacy ratio on the liquidity indicators Canara Bank for the period (2010/2020)

Sr.No	CAR	liquidity	
		Current Ratio	Quick Ratio
year	Canara Bank		
2010	13.43	0.01	26.98
2011	15.38	0.02	29.34
2012	13.76	0.03	29.11
2013	12.4	0.03	23.76
2014	10.63	0.03	23.4
2015	10.56	0.03	22.19
2016	11.08	0.04	25
2017	12.86	0.05	25.72
2018	13.22	0.06	24.67
2019	11.9	0.06	26.78
2020	13.65	0.06	29.97

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 5 The effect of the capital adequacy ratio on the liquidity indicators of Canara Bank as there is an effect on the liquidity indicators and this is due to the availability of cash liquidity and deposits, where the greater the capital adequacy ratio, the higher the bank liquidity ratios at the same time and the lower the capital adequacy ratios, the lower the bank liquidity ratios. Also, here this table shows that with the increase in the capital adequacy ratio, the circulation ratios increased and this is a fruitful progress. At the same time, with the increase in the capital adequacy ratios, the current liquidity ratios did not progress, as the only visible effect was the fast liquidity ratio.

We conclude from this table that there is a direct effect of capital adequacy on the current liquidity ratios, and as for the quick liquidity ratio, capital adequacy ratios did not have a significant effect on it during that period.

Table 6 The effect of the capital adequacy ratio on the liquidity indicators Bank of Maharashtra for the period (2010/2020)

Sr.No	CAR	liquidity	
		Current Ratio	Quick Ratio
year	Bank of Maharashtra		
2010	12.78	0.03	22.75
2011	13.35	0.03	20.82
2012	12.43	0.03	21.52
2013	12.59	0.03	24.9
2014	10.79	0.02	25.51
2015	11.94	0.02	22.9
2016	11.2	0.04	30.89
2017	11.18	0.05	24.77
2018	11	0.07	33.27
2019	11.86	0.08	12.73
2020	13.52	0.08	24.99

v Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 6 The effect of the capital adequacy ratio on the liquidity indicators Bank of Maharashtra as there is an effect on the liquidity indicators and this is due to the availability of cash liquidity and deposits where the greater the capital adequacy ratio, the greater the bank liquidity ratios at the same time and the lower the capital adequacy ratios the lower the ratios Bank liquidity also, here this table shows that with the increase in the capital adequacy ratio, the circulation ratios increased during the year 2010, and the same effect will appear during the year 2020.

We conclude from this table that there is a direct effect of capital adequacy on liquidity ratios.

Table 7 The effect of the capital adequacy ratio on the liquidity indicators Union Bank for the period (2010/2020)

Sr.No	CAR	liquidity	
year	Union Bank	Current Ratio	Quick Ratio
2010	12.51	0.02	24.65
2011	12.95	0.02	23.22
2012	11.85	0.02	28.45
2013	11.45	0.02	31.85
2014	10.8	0.02	30.41
2015	10.22	0.02	28.83
2016	10.56	0.04	36.65
2017	11.79	0.04	35.16
2018	11.5	0.05	40.77
2019	11.78	0.06	38.98
2020	12.81	0.05	26.09

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 7: The effect of the capital adequacy ratio on the liquidity indicators Union Bank, as there is an effect on the liquidity indicators, and this is due to the availability of cash liquidity and deposits, where the greater the capital adequacy ratio, the greater the bank liquidity ratios at the same time, and the lower the capital adequacy ratios, the lower the ratios Bank liquidity also, here this table shows that with the increase in the capital adequacy ratio, but the liquidity ratios did not record a significant increase, this means that liquidity went to the direction of investments and this is due to good benefits for the bank during the period 2010-2020

We conclude from this table that there is a direct effect by the sufficiency of capital on the liquidity ratios, which is the direct increase of profits while maintaining a stable liquidity ratio.

Table 8 The effect of the capital adequacy ratio on the liquidity indicators Axis Bank for the period (2010/2020)

Sr.No	CAR	liquidity	
year	Axis Bank	Current Ratio	Quick Ratio
2010	15.8	0.03	19.19
2011	12.65	0.02	19.6
2012	13.66	0.03	21.63
2013	17	0.03	20.1
2014	16.07	0.03	18.57
2015	15.09	0.03	20.64
2016	15.29	0.07	25.74
2017	14.95	0.1	17.1
2018	16.57	0.1	20.02
2019	15.84	0.1	17.84
2020	17.53	0.13	17.6

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 8: The effect of the capital adequacy ratio on the liquidity indicators of Axis Bank as there is an effect on the liquidity indicators and this is due to the availability of cash liquidity and deposits in a large way as this increase affected in a way the capital adequacy ratio increased the bank liquidity ratios at the same time and the smaller Capital adequacy ratios also decreased bank liquidity ratios, here this table shows that with the increase in the capital adequacy ratio, it caused an increase in the liquidity ratios, and this means that liquidity went in the direction of investments which helped to maximize profits with the increase in investments during the period 2010-2020

We conclude from this table that there is a direct effect by the sufficiency of capital on the liquidity ratios, which is the direct increase of profits while maintaining a stable liquidity ratio.

Table 9 The effect of the capital adequacy ratio on the liquidity indicators HDFC Bank for the period (2010/2020)

Sr.No	CAR	liquidity	
year	HDFC Bank	Current Ratio	Quick Ratio
2010	17.44	0.03	7.14
2011	16.22	0.06	6.89
2012	16.52	0.08	6.2
2013	16.8	0.06	7.84
2014	16.07	0.06	8.55
2015	16.79	0.04	12.69
2016	15.53	0.07	14.51
2017	14.55	0.06	11.19
2018	14.82	0.04	17.48
2019	17.11	0.05	16.61
2020	18.52	0.04	16.62

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 9 shows the effect of the capital adequacy ratio on the liquidity indicators of HDFC Bank, as there is an effect on the liquidity indicators, and this is due to the availability of cash liquidity and deposits, especially in the year 2020, as this increase has been affected in a way by a head adequacy ratio, here this table shows that with an increase The capital adequacy ratio caused an increase in the liquidity ratios, and this means that the liquidity went in the direction of investments. It helped to maximize profits with the gradual increase in investments during the period 2010-2020.

We conclude from this table that there is a direct effect from the adequacy of capital on the liquidity ratios, which is the direct increase of profits while maintaining a fairly high liquidity ratio while maximizing profitability and investment movement as well.

Table 10 The effect of the capital adequacy ratio on the liquidity indicators ICICI Bank for the period (2010/2020)

Sr.No	CAR	liquidity	
year	ICICI Bank	Current Ratio	Quick Ratio
2010	19.41	0.14	14.7
2011	19.54	0.07	15.86
2012	18.52	0.07	16.71
2013	18.74	0.09	10.53
2014	17.7	0.09	11.31
2015	17.02	0.06	13.81
2016	16.64	0.13	14.97
2017	17.39	0.12	16.31
2018	18.42	0.12	20.44
2019	16.89	0.12	18.66
2020	16.11	0.09	15.76

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 10 shows the effect of the capital adequacy ratio on the liquidity indicators of ICICI Bank , as there is a direct impact on the liquidity indicators in a large way as this increase adversely affected liquidity and profitability, here this table shows that with the increase in the capital adequacy ratio caused an increase in the liquidity ratios This means that the liquidity went in the direction of investments that helped to maximize profits with the continuous increase in gradually investments during the period 2010-2020

We conclude from this table that there is a direct effect of capital adequacy on the liquidity ratios, which is the direct increase of profits while maintaining a fairly high liquidity ratio, but it is stable with maximizing profitability and investment movement as well.

Table 11 The effect of the capital adequacy ratio on the liquidity indicators Karnataka Bank for the period (2010/2020)

Sr.No	CAR	liquidity	
		Current Ratio	Quick Ratio
year	Karnataka Bank		
2010	12.37	0.03	14.89
2011	13.33	0.03	23.77
2012	12.84	0.02	23.93
2013	13.22	0.02	26.8
2014	13.2	0.02	21.25
2015	12.41	0.03	25.29
2016	12.03	0.06	31.13
2017	13.3	0.05	30.21
2018	12.04	0.05	42.4
2019	13.17	0.05	41.73
2020	12.66	0.07	43.39

Source: - From the researcher's work, depending on the data of Appendix No. (1)

Table 11 shows the effect of the capital adequacy ratio on the liquidity and interest indicators of Karnataka Bank, as there is a direct effect on the liquidity indicators in a large way as this increase adversely affected liquidity and profitability. Liquidity and this mean that liquidity went in the direction of investments, which helped to maximize profits with the continuous increase in gradually investments, especially during the period 2018-2020

We conclude from this table that there is a direct effect of capital adequacy on the liquidity ratios, which is the direct increase of profits while maintaining a liquidity ratio according to international standards somewhat, but it is stable with the increase in profitability and the investment movement also significantly.

IV. RESULTS

Sr.No	Sector Banks	Banks name	Variable	Correlation Value
1	public	bank of india	CAR and Current Ratio	0.494477524
			CAR and Quick Ratio	0.194535097
		Canara Bank	CAR and Current Ratio	-0.107262815
			CAR and Quick Ratio	0.809608146
		Bank of Maharashtra	CAR and Current Ratio	0.039340961
			CAR and Quick Ratio	-0.393916418
		Union Bank	CAR and Current Ratio	0.113153069
			CAR and Quick Ratio	-0.468437334
2	private	Axis Bank	CAR and Current Ratio	-0.242670114
			CAR and Quick Ratio	-0.367132077
		HDFC Bank	CAR and Current Ratio	-0.242670114
			CAR and Quick Ratio	-0.02760469
		ICICI Bank	CAR and Current Ratio	-0.059211156
			CAR and Quick Ratio	-0.373417016
		Karnataka Bank	CAR and Current Ratio	1
			CAR and Quick Ratio	-0.166982612

Source: - From the researcher's work, depending on the data of table (4,5,6,7,8,9,10,11)

Table 11 shows the statistical analysis of the correlation between capital adequacy and liquidity. The results for the Bank of India showed the correlation between the capital adequacy ratio and the current ratio 0.49447524, which was positive in a moderate way. As for the correlation between capital adequacy and the quick ratio of the same bank, where it was 0.194535097, it appears that the correlation was weakly positive very,

Canara Bank shows us the correlation between capital adequacy and current ratio 0.107262815 - where the correlation appears negative in a very weak way. As for the sufficiency of capital and the quick ratio the same bank, it was 0.809608146, where the correlation appears positive in a very strong way. The study and statistical analysis Bank of Maharashtra shows that the correlation between capital adequacy and current ratio 0.039340961, where the correlation was weakly positive. As for the correlation between capital adequacy and quick ratio, it achieved 0.393916418 - where the correlation was weakly negative. It shows the correlation between capital adequacy and the current ratio the Union Bank 0.113153069 The positive correlation appears in a very weak way. As for the correlation between capital adequacy and quick ratio 0.468437334 - as the correlation is negative in average. The correlation between capital adequacy and the current ratio the Axis Bank appears 0.242670114 - where the correlation appears weakly negative. As for the correlation between capital adequacy and quick ratio, it was 0.367132077 - menstruation shows a negative correlation also weakly. Also, there is the correlation between the capital adequacy and the current ratio HDFC Bank, where it was 0.242670114 - as the correlation is negative, as for the correlation between capital adequacy and Quick ratio, where it was 0.02760469 - where it appears that the correlation is weakly negative as well. It shows that there is a correlation between the capital adequacy of capital and the current ratio the ICICI Bank, where it was 0.059211156 - as the correlation is negative in medium terms. As for the correlation between capital adequacy and quick ratio, it appears 0.373417016 - as the correlation is weakly negative. It shows that there is a correlation between the capital adequacy of capital and the current ratio Karnataka Bank 1, and it appears that there is a very strong correlation. As for the correlation between capital adequacy and quick ratio, it was 0.166982612 - as there is a very weak negative correlation, We conclude from this study that the public Indian banking sector is more fulfilling and adhering to international standards in terms of maintaining the capital adequacy ratio. As for the Indian private banking sector, where it appears that there are varying fluctuations in maintaining the ratio of capital adequacy and these reasons are due to the tendency of private banks to raise the level of Risks to obtain satisfactory profits and vice versa.

V. DISCUSSIONS

As long as stability in the banking system is one of the tasks of the Central Bank, measures must be taken to support this stability, foremost among which is obligating governmental and private banks to implement the minimum capital adequacy requirements. The Indian Central Bank should develop methods of controlling liquidity levels, and work to direct private banks to abandon the credit reduction policies, expand the areas of granting credit and investment, and get rid of their surplus liquidity. The need to oblige government banks to support the

capital base by raising the cap on capital paid in a way that suits the activity of this bank, and raising its ability to face the risks to which it is exposed.

Indian public and private banks should pursue investment policies based on a balance between liquidity and profitability, and move away from the hedging policy that leads to excess liquidity at banks in exchange for low returns.

VI. CONCLUSION

The capital adequacy standard is one of the technical methods used by central banks in monitoring its activities Banks, and that adherence to the minimum capital adequacy requirements will achieve stability in the banking system, It also works to strengthen the financial position of banks, and this standard contributes to increasing efficiency and effectiveness Banks to limit or reduce the risks that financial institutions are exposed to. The study demonstrated the strength of the Central Bank's control measures over government banks that have been achieved the minimum head sufficiency standard. The Indian Central Bank has not taken measures to strengthen the capital base of the banks and especially with regard to raising the cap on paid up capita In the context of analyzing the capital adequacy ratio on bank liquidity, the study showed that there is a positive relationship have positive effects in that the increase in the capital adequacy ratio will be reflected in the improvement of the liquidity position at the banks, on the other hand, it indicates the low level of liquidity risk that banks are exposed to as it is case in private banks study sample, We conclude from this study that the public Indian banking sector is more fulfilling and adhering to international standards in terms of maintaining the capital adequacy ratio. As for the Indian private banking sector, where it appears that there are varying fluctuations in maintaining the ratio of capital adequacy and these reasons are due to the tendency of private banks to raise the level of Risks to obtain satisfactory profits and vice versa. 1 Indian banks should benefit from the experiences of banks in other countries The other, and become in the leading position in providing and developing profitable and unprofitable banking services Performance for profitable and unprofitable banking services of public benefit and social interest Economic and economic stability for the country. Training and developing the skills of employees in Indian banks and involving them in the courses that open In other countries and around the world constantly, because banking needs specialized experience and knowledge, Which is what many workers in Indian banks miss, especially in the field of using technology Modern The necessity of reconsidering the application of technological systems that have been adopted in commercial banks Government in India.

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Accessories

Appendix (1)

Some items of the banks balance sheet and P&L for the period (2010-2020)

public sector banks											
bank of india	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Adequacy Ratio	12.94	12.17	11.95	11.02	9.97	10.73	12.01	12.14	12.94	14.19	13.1
Current Ratio	0.02	0.04	0.03	0.03	0.04	0.03	0.05	0.05	0.05	0.06	0.06
Quick Ratio	22.15	19.06	20.79	28.08	23	29.03	30.9	29.3	41.67	29.21	24.12
Canara Bank											
Capital Adequacy Ratio	13.43	15.38	13.76	12.4	10.63	10.56	11.08	12.86	13.22	11.9	13.65
Current Ratio	0.01	0.02	0.03	0.03	0.03	0.03	0.04	0.05	0.06	0.06	0.06
Quick Ratio	26.98	29.34	29.11	23.76	23.4	22.19	25	25.72	24.67	26.78	29.97
Bank of Maharashtra											
Capital Adequacy Ratio	12.78	13.35	12.43	12.59	10.79	11.94	11.2	11.18	11	11.86	13.52
Current Ratio	0.03	0.03	0.03	0.03	0.02	0.02	0.04	0.05	0.07	0.08	0.08
Quick Ratio	22.75	20.82	21.52	24.9	25.51	22.9	30.89	24.77	33.27	12.73	24.99
Union Bank											
Capital Adequacy Ratio	12.51	12.95	11.85	11.45	10.8	10.22	10.56	11.79	11.5	11.78	12.81
Current Ratio	0.02	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.05	0.06	0.05
Quick Ratio	24.65	23.22	28.45	31.85	30.41	28.83	36.65	35.16	40.77	38.98	26.09
private sectro banks											
Axis Bank	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Adequacy Ratio	15.8	12.65	13.66	17	16.07	15.09	15.29	14.95	16.57	15.84	17.53
Current Ratio	0.03	0.02	0.03	0.03	0.03	0.03	0.07	0.1	0.1	0.1	0.13
Quick Ratio	19.19	19.6	21.63	20.1	18.57	20.64	25.74	17.1	20.02	17.84	17.6
HDFC Bank											
Capital Adequacy Ratio	17.44	16.22	16.52	16.8	16.07	16.79	15.53	14.55	14.82	17.11	18.52
Current Ratio	0.03	0.06	0.08	0.06	0.06	0.04	0.07	0.06	0.04	0.05	0.04
Quick Ratio	7.14	6.89	6.2	7.84	8.55	12.69	14.51	11.19	17.48	16.61	16.62
ICICI Bank											
Capital Adequacy Ratio	19.41	19.54	18.52	18.74	17.7	17.02	16.64	17.39	18.42	16.89	16.11
Current Ratio	0.14	0.07	0.07	0.09	0.09	0.06	0.13	0.12	0.12	0.12	0.09
Quick Ratio	14.7	15.86	16.71	10.53	11.31	13.81	14.97	16.31	20.44	18.66	15.76
Karnataka Bank											
Capital Adequacy Ratio	12.37	13.33	12.84	13.22	13.2	12.41	12.03	13.3	12.04	13.17	12.66
Current Ratio	0.03	0.03	0.02	0.02	0.02	0.03	0.06	0.05	0.05	0.05	0.07
Quick Ratio	14.89	23.77	23.93	26.8	21.25	25.29	31.13	30.21	42.4	41.73	43.39

Source: (GOVERNMENT, 2020)& , (RBI, 2020) annual reports for the period (2010/2020)[3][5]