Performance Indicators for Public Sector Banks

The Finance Ministry to closely monitor the Public Sector Banks (PSBs) achievements on **16 Key Performance Indicators (KPIs) at the branch, region, state and national level in order to address the continuing decline of PSBs shares in Indian banking.**

- PSBs' market share is declining while that of private banks is rising.
  - As of end-December 2018 PSBs accounted for 63% of the outstanding credit of scheduled commercial banks against 67% as of June-end 2017.
  - The fall comes in the backdrop of these banks facing asset quality issues since 2015.
  - Further, **Non-Banking Financial Companies (NBFCs)** are borrowing from banks and are able to attract customers in spite of higher interest rates.
- **The 16 KPIs include-** Credit for infrastructure, Farm sector, Blue economy, Housing, MSMEs, Stand-Up India scheme, Education, Exports, Green economy, Cleanliness activities, Financial inclusion and women's empowerment; and others such as direct benefit transfer, digital economy, ATM usage and performance, ease of living and corporate social responsibility.
- The banks will then be **benchmarked against the 18 PSBs' average.** If found lagging, specific action will be taken after consultation at various levels to improve their performance.

Action plan for public sector banks

Key performance indicators include

- Credit for infrastructure, farm sector, housing, MSMEs and financial inclusion
- Achievements in direct benefit transfer
- Push for digital economy
- ATM usage and performance
- Corporate social responsibility

Finance Ministry has some questions for public sector bankers

- Why have loans to corporates declined?
- Why have loans to NBFCs risen amid a decline in direct lending to businesses?
- How many loan applications were accepted and rejected under the retail, MSME and corporate categories between April 2014 and March 2019?
- What led to a steep rise in bad loans in 2015-19?
- How about co-origination of MUDRA loans with NBFCs?

Source: BL