

## 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.

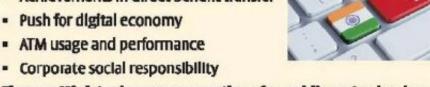
## Action plan for public sector banks

## Key performance indicators include

- Credit for infrastructure, farm sector, housing, MSMEs and financial inclusion
- Achievements in direct benefit transfer

## 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 20197
- What led to a steep rise in bad loans in 2015-19?
- How about co-origination of MUDRA loans with NBFCs?



Source: BL

