INDRADHANUSH

PLAN FOR REVAMP OF PUBLIC SECTOR BANKS

Aug 14, 2015

DEPARTMENT OF FINANCIAL SERVICES

MINISTRY OF FINANCE

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PUBLIC SECTOR BANKS' REVAMP PLAN

The Public Sector Banks (PSBs) play a vital role in India's economy. In the past few years, because of a variety of legacy issues including the delay caused in various approvals as well as land acquisition etc., and also because of low global and domestic demand, many large projects have stalled. Public Sector Banks which have got predominant share of infrastructure financing have been sorely affected. It has resulted in lower profitability for PSBs, mainly due to provisioning for the restructured projects as well as for gross NPAs.

The present Government has put in place a comprehensive framework for improving PSBs. Most recently, we have made the announcement of capital allocation by Government for PSBs in the next four years. Announcement of capital plans for the PSBs is only one of the many steps taken by the Government. The other steps taken by Government are as follows:-

A) Appointments:

The Government decided to separate the post of Chairman and Managing Director by prescribing that in the subsequent vacancies to be filled up the CEO will get the designation of MD & CEO and there would be another person who would be appointed as non-Executive Chairman of PSBs. This approach is based on global best practices and as per the guidelines in the Companies Act to ensure appropriate checks and balances. The selection process for both these positions has been transparent and meritocratic. The entire process of selection for MD & CEO was revamped. Private sector candidates were also allowed to apply for the position of MD & CEO of the five top banks i.e. Punjab National Bank, Bank of Baroda, Bank of India, IDBI Bank and Canara Bank. Three stage screening was done for the MD's position culminating into final interview by three different panels.

Five MD & CEOs were appointed earlier. Appointments of MD & CEOs of five more banks - Bank of Baroda, Bank of India, Canara Bank, IDBI Bank and Punjab National Bank and Non-executive Chairman of 5 banks are announced today, as per the list below:

MD & CEOs

Name of the Bank	Name	Age	Present Position
Bank of Baroda	P S Jayakumar	53 yrs	MD & CEO of VBHC Value Homes Pvt Ltd.
Bank of India	M.O. Rego	56 yrs	Deputy Managing Director, IDBI Bank
Canara Bank	Rakesh Sharma	57 yrs	MD & CEO, The Laxmi Vilas Bank Ltd
IDBI Bank Ltd	Kishore Kharat Piraji	56 yrs	Executive Director, Union Bank of India
Punjab National Bank	Smt. Usha Ananthasubramanian	56 yrs	CMD, Bhartiya Mahila Bank

Non-Executive Chairman

Name of the Bank	Name	Age	Present/Last Position held
Bank of Baroda	Ravi Venkatesan	51 yrs	Independent Director, Infosys
Bank of India	G Padmananbhan	60 yrs	Retired ED of Reserve Bank of India
Canara Bank	T N Manoharan	59 yrs	Director, Tech Mahindra, Public Health Foundation
Vijaya Bank	G Narayanan	66 yrs	Retired ED, Indian Overseas Bank
Indian Bank	T C V Subramainian	66 yrs	Retired CMD, Exim Bank

The CVs of newly appointed MD & CEOs / non-executive Chairman are in the docket.

The process of selection of Non-official / Independent Directors has been revamped and made transparent.

There are some vacancies of Non-Official Directors on the Boards of PSBs and we would like to complete the selection process in the next three months. The selection of non-executive Chairman in the remaining six PSBs will also be completed in next three months. Also the appointment of MD & CEO in two other banks will also be done as early as possible

B) Bank Board Bureau:

The announcement of the Bank Board Bureau (BBB) was made by Hon'ble Finance Minister in his Budget Speech for the year 2015-16. The BBB will be a body of eminent professionals and officials, which will replace the Appointments Board for appointment of Whole-time Directors as well as non-Executive Chairman of PSBs. They will also constantly engage with the Board of Directors of all the PSBs to formulate appropriate strategies for their growth and development. **The structure of the BBB is going to be as follows**; the BBB will comprise of a Chairman and six more members of which three will be officials and three experts (of which two would necessarily be from the banking sector). The Search Committee for members of the BBB would comprise of the Governor, RBI and Secretary (FS) and Secretary (DoPT) as members. The BBB would broadly follow the selection methodology as approved in relevant ACC guidelines. **The members will be selected in the next six months and the BBB will start functioning from the 01st April, 2016.**

C) Capitalization:

As of now, the PSBs are adequately capitalized and meeting all the Basel III and RBI norms. However, the Government of India wants to adequately capitalize all the banks to keep a safe buffer over and above the minimum norms of Basel III. We have, therefore, estimated how much capital will be required this year and in the next three years till FY 2019. If we exclude the internal profit generation which is going to be available to PSBs (based on the estimate of average profit of the last three years), the capital requirement of **extra capital** for the next four years **up to FY 2019 is likely to be about Rs.1,80,000 crore**. This estimate is based on credit growth rate of 12% for the current year and 12 to 15% for the next three years depending on the size of the bank and their growth ability. We are also presuming that the emphasis on PSBs financing will reduce over the years by development of vibrant corporate debt market and by greater participation of Private Sector Banks.

Out of the total requirement, the Government of India proposes to make available Rs.70,000 crores out of budgetary allocations for four years as per the figures given below:

(i)	Financial Year 2015 -16	-	Rs. 25,000 crore
(ii)	Financial Year 2016-17	-	Rs. 25,000 crore
(iii)	Financial Year 2017-18	-	Rs. 10,000 crore
(iv)	Financial Year 2018-19	-	Rs. 10,000 crore
	Total	**-**	**Rs. 70,000 crore**

We estimate that PSB's market valuations will improve significantly due to (i) far-reaching governance reforms; (ii) tight NPA management and risk controls; (iii) significant operating improvements; and (iv) capital allocation from the government. Improved valuations coupled with value unlocking from non-core assets as well as improvements in capital productivity, will enable **PSBs to raise the remaining Rs. 1,10,000 crore from the market.** Moreover, the government is committed to making extra budgetary provisions in FY 18 and FY 19, to ensure that PSBs remain adequately capitalized to support economic growth.

In the Supplementary Demand passed by parliament recently, an amount of **Rs.12,000 crore** has already been provided, in addition to **Rs.7,940 crores** already provided in the budget of FY 2015-16. The remaining **Rs.5,000 crore** would be provided in the second Supplementary later this year. The manner of allotting **Rs.25,000 crore capital** this year, as announced earlier, is as follows:

Tranche 1:

About 40% of this amount will be given to those banks which require support, and every single PSB will be brought to the level of at least 7.5% by Financial Year 2016.

Tranche 2:

40% capital will be allocated to the top six big banks viz. SBI, BOB, BOI, PNB, Canara Bank, and IDBI Bank in order to strengthen them to play a vital role in the economy.

Tranche 3

The remaining portion of 20% will be allocated to the banks based on their performance during the three quarters in the current year judged on the basis of certain performance. This will incentivize them to improve their performance in the current year. Eight banks which did not get any money in first two tranche will get preference.

As per the calculations done for Tranche 1 and Tranche 2, the specific capital allocation for each Bank is worked out as follows. This amount would be released soon.

S.No	Name of Bank	Capital Allocation (Rs. in Crore)
1	State Bank of India	5531
2	Bank of India	2455
3	I.D.B.I.	2229
4	Bank of Baroda	1786
5	Punjab National Bank	1732
6	Canara Bank	947
7	Indian Overseas Bank	2009
8	Union Bank of India	1080
9	Corporation Bank	857
10	Andhra Bank	378
11	Bank of Maharashtra	394
12	Allahabad Bank	283
13	Dena Bank	407
Total		**20088**

This does not include the allocation of remaining Rs.5,000 crore which will be decided only in the fourth quarter of FY-2016 after looking at the performance of various banks in the first nine months of FY-2016. Eight Banks which did not get any capital in first two tranche will get preference in third tranche.

The Banks can also raise capital from the capital markets.

D) a) De-stressing PSBs

The infrastructure sector and core sector have been the major recipient of PSBs' funding during the past decades. But due to several factors, projects are increasingly stalled/stressed thus leading to NPA burden on banks. In a recent review, problems causing stress in the power, steel and road sectors were examined. It was observed that the major reasons affecting these projects were delay in obtaining permits / approvals from various governmental and regulatory agencies, and land acquisition, delaying Commercial Operation Date (COD); lack of availability of fuel, both coal and gas; cancellation of coal blocks; closure of Iron Ore mines affecting project viability; lack of transmission capacity; limited off-take of power by Discoms given their reducing purchasing capacity; funding gap faced by limited capacity of promoters to raise additional equity and reluctance on part of banks to increase their exposure given the high leverage ratio; inability of banks to restructure projects even when found viable due to regulatory constraints. In case of steel sector the prevailing market conditions, viz. global over-capacity coupled with reduction in demand led to substantial reduction in global prices, and softening in domestic prices added to the woes.

A meeting was held on 28th April, 2015 at Mumbai first with all the banks and concerned Ministries to understand the problems for each sector. Subsequently, meetings were held with project promoters of steel, power and road sectors at various levels to understand further the pain points of each and every sector. **Some of the actions proposed / undertaken after these meetings are as follows:-**

(i) Project Monitoring Group (Cab. Sectt.) / Respective Ministries will pursue with concerned agencies to facilitate **issue of pending approval/permits** expeditiously.

(ii) Pending **policy decisions** to facilitate project implementation/operation would be taken up by respective Ministries/Departments.

(iii) Ministry of Coal/PNG will evolve policies to address **long-term availability** of fuel for these projects.

(iv) Respective **Discoms** will be provided **hand-holding** towards enabling early reforms.

(v) Promoters will be asked to bring in **additional equity** in an attempt to address the worsening leverage ratio of these projects. Wherever the promoters are unable to meet this requirement, the Banks would consider viable options for **substitution or taking over management control.**

(vi) The possibility of changing the **extant duty regime** without adversely impacting the downstream user industry would be considered by the Government. **The decision to increase import duty on steel has already been taken.**

(vii) RBI has been requested to consider the proposal of the Banks for granting further **flexibility in restructuring** of existing loans wherever the Banks find viability.

D) b) Strengthening Risk Control measures and NPA Disclosures

Besides the recovery efforts under the DRT & SARFASI mechanism the following additional steps have been taken to address the issue of NPAs:

i. RBI has released guidelines dated 30 January, 2014 for "**Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy**" suggesting various steps for quicker recognition and resolution of stressed assets:

- **Creation of a Central Repository of Information on Large Credits (CRILC**) by RBI to collect, store, and disseminate credit data to banks on credit exposures of Rs. 5 crore and above,

- **Formation of Joint Lenders Forum (JLF**), **Corrective Action Plan (CAP), and sale of assets. -** The Framework outlines formation of JLF and corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts

ii. Flexible Structuring of Loan Term Project Loans to Infrastructure and Core Industries – RBI issued guidelines on July 15, 2014 and December 15, 2014 –

- Long term financing for infrastructure has been a major constraint in encouraging larger private sector participation in this sector. On the asset side, banks will be encouraged to extend long term loans to infrastructure sector with flexible structuring to absorb potential adverse contingencies, **(also known as the 5/25 structure).**

iii. **Wilful Default/Non-Cooperative Borrowers:**

RBI has now came out with new category of borrower called Non-Cooperative borrower. A non-cooperative borrower is a borrower who does not provide information on its finances to the banks. Banks will have to do higher provisioning if they give fresh loan to such a borrower.

Fresh exposure to a borrower reported as non-cooperative will necessitate higher provisioning. Banks/FIs are required to make higher provisioning as applicable to substandard assets in respect of new loans sanctioned to such borrowers as also new loans sanctioned to any other company that has on its board of directors any of the whole time directors/promoters of a non-cooperative borrowing company or any firm in which such a non-cooperative borrower is in charge of management of the affairs.

iv. **Asset Reconstruction Companies:**

Taking further steps in the area, RBI has tightened the norms for Asset Reconstruction Companies (ARCs), vide guidelines dated August 5, 2014, where the minimum investment in Security Receipts should be 15% which was earlier 5%. This step will increase the cash stake of ARCs in the assets purchased by them. Further, by having more cash up front, the banks will have better incentive to clean their balance sheet.

v. **Establishment of six New DRTs:**

Government has decided to establish six new Debt Recovery Tribunals (DRT) (at Chandigarh, Bengaluru, Ernakulum, Dehradun, Siliguri, Hyderabad) to speed up the recovery of bad loans of the banking sector

E) Empowerment:

The Government has issued a circular that there will be no interference from Government and Banks are encouraged to take their decision independently keeping the commercial interest of the organisation in mind. A cleaner distinction between interference and intervention has been made. With autonomy comes accountability, accordingly Banks have been asked to build robust Grievances Redressal Mechanism for customers as well as staff so that concerns of the affected are addressed effectively in time bound manner.

The Government intends to provide greater flexibility in hiring manpower to Banks. The Government is committed to provide required professionals as NoDs to the Board so that well-informed and well-discussed decisions are taken.

F) Framework of Accountability:

(a) The present system for the measurement of bank's performance was a system called SoI – Statement of Intent. Based on certain criteria decided by Ministry of Finance, the banks used to come up with their annual target figures which was discussed between the Ministry and banks and finalized. The entire exercise took very long and sometimes the targets for banks used to be finalized only towards the end of the year which is not a desirable thing to do. There are two changes we are making in this:

(i) A new framework of **Key Performance Indicators (KPIs)** to be measured for performance of PSBs is being announced. It is divided into four sections totaling up to 100 marks. 25 marks each are allotted to indicators relating to **efficiency of capital use** and **diversification of business/processes** and 15 marks each are allotted for specific indicators under the category of **NPA management** and **financial inclusion**. The total marks to be allotted for quantifiable, measurable criteria is 80.

(ii) The remaining 20 marks are reserved for measurement of qualitative criteria which includes **strategic initiatives** taken to improve asset quality, **efforts made to conserve capital**, **HR initiatives** and **improvement in external credit rating**. The qualitative performance would be assessed based on a presentation to be made by banks to a committee chaired by Secretary, Department of Financial Services.

The new framework for KPIs is in the docket.

Operating performance evaluated through the **KPI framework will be linked to the performance bonus** to be paid to the MD & CEOs of banks by the Government. The quantum of performance bonus is also proposed to be revised shortly to make it more attractive. **We are also considering ESOPs for top management of PSBs.**

(b) DFS has issued a circular to PSBs laying down strict timelines for filing of complaints of fraud cases with CBI as well as for monitoring each and every case almost on a day-to-day basis.

(c) Streamlining vigilance process for quick action for major frauds including connivance of staff. RBI has issued guidelines in May, 2015 to streamline the framework for dealing with the loan frauds. Under the new guidelines, a timeframe of six months, red flagging of accounts, constitution of a Risk Management Group (RMG) in banks to monitor pre-sanction and disbursement, nodal officer for filing complaints with CBI, provisioning in four quarters and creation of Central Fraud Registry have been laid down. Department of Financial Services (DFS) has directed PSBs to make CVO as the nodal officer for fraud exceeding Rs 50 crore, in consortium lending the lead bank will file the FIR for all banks and CBI has designated one officer for reviewing and monitoring progress of bank's fraud cases.

G) Governance Reforms:

The process of governance reforms started with **"Gyan Sangam"** - a conclave of PSBs and FIs organized at the beginning of 2015 in Pune which was attended by all stake-holders including Prime Minister, Finance Minister, MoS (Finance), Governor, RBI and CMDs of all PSBs and FIs. There was focus group discussion on six different topics which resulted in specific decisions on optimizing capital, digitizing processes, strengthening risk management, improving managerial performance and financial inclusion. The decision to set up a **Bank Board Bureau** which was subsequently announced in the Budget Speech of Hon'ble Finance Minister, came out of the recommendations of Gyan Sangam. Also, at this conclave, Hon'ble Prime Minister made a significant promise to the bankers that there would be no interference from any Government functionary in the matter of their commercial decisions.

This promise of Hon'ble Prime Minister was immediately translated into a circular issued to all banks assuring them of **"no interference policy",** but at the same time asking them to have robust grievance redressal mechanism for borrowers, depositors as well as staff. The Gyan Sangam recommendations included **strengthening of risk management practices**. Each bank agreed to nominate a senior officer as Chief Risk Officer of the bank. A special training programme for Chief Risk Officers was recently organized by Centre for Advanced Financial Research and Learning (CAFRAL).

The Government has been constantly engaging with the Banks through review meeting and sessions for strategic reviews etc. The focus is on improving HR management practices and removing barriers so that the Banks can share and work together on common resources. Various steps have been taken to empower Bank's Boards.

Continuing with this year's Gyan Sangam, **next Gyan Sangam will be held between 14-16.01.2016 to discuss strategy with top level officials.** Further, scheme of ESOPs for top management is under formulation. Other strategic initiatives such as consolidation etc. need to be discussed.

The Indradhanush framework for transforming the PSBs represents the most comprehensive reform effort undertaken since banking nationalisation in the year 1970. Our PSBs are now ready to compete and flourish in a fast-evolving financial services landscape.

Details of newly appointed non-executive Chairman of PSBs

Name of the Bank	Name	Age	Present/Last Position held
Bank of Baroda	Ravi Venkatesan	51 yrs	Independent Director, Infosys
Bank of India	G Padmananbhan	60 yrs	Retired ED of Reserve Bank of India
Canara Bank	T N Manoharan	59 yrs	Director, Tech Mahindra, Public Health Foundation
Vijaya Bank	G Narayanan	66 yrs	Retired ED, Indian Overseas Bank
Indian Bank	T C V Subramainian	66 yrs	Retired CMD, Exim Bank

Career Profiles

S. No.	Name	Career Profile
1.	Ravi Venkatesan	Ravi Venkatesan is a Director on the Board of Infosys, and a Fellow of the Center for Higher Ambition Leadership, Boston. He is also a member of the Advisory Board of Bunge Ltd., the Global Alumni Board of Harvard Business School, and of Marico Innovation Foundation. Between 2004 and 2011, he was the Chairman of Microsoft India, which, under his leadership, became Microsoft's second largest and one of its fastest growing geographies. Prior to Microsoft, he spent sixteen years with Cummins Inc. as Chairman of Cummins India Limited, he oversaw the company's transformation into a leading provider of power solutions and automotive engines in India. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Bombay; a master's in engineering from Purdue University; and a Master of Business Administration from Harvard Business School.
2.	T.N. Manoharan	T.N. Manoharan served as the President of The Institute of Chartered Accountants of India (ICAI) during 2006-07 and was instrumental in charting the road map for several accounting reforms in the Indian System and pioneered proactive amendments to the Chartered Accountants Act, 1949. Shri Manoharan was the Chairman of ICAI of Accounting Research Foundation. He was on the Board of the Insurance Regulatory and Development Authority (IRDA) and on the committees constituted by Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Comptroller and Auditor General of India (C&AG) and Central Board of Direct Taxes (CBDT) during 2006-07. Shri Manoharan was nominated by the Government of India to the Board of Satyam Computer Services Ltd. He made significant contribution towards the revival of the erstwhile Mahindra Satyam within a short span of time. The Government of India conferred him the "Padma Shri" award in 2010.
3.	G. Narayanan	G. Narayanan served as Executive Director of Indian Overseas Bank, during the period spanning over 38 years in the Indian Banking Sector. He was earlier General Manager of Bank of India heading treasury operations. Shri Narayanan also served as Managing Director of Centrum Capital Ltd. and Managing Director of Securities Trading Corporation of India Ltd. He was Director of Clearing Corporation Of India Limited. He served as Director of IL&FS Investment Managers Limited and Securities Trading Corporation of India Ltd. Shri Narayanan holds a Diploma in Corporate Law. He also completed Management Accountant (MAC-1). He has B.Com form Madras University.
4.	T.C. Venkat Subramanian	T.C.Venkat Subramanian served as Managing Director and CEO of EXIM Bank. He has diverse experience in industrial and export financing. He joined EXIM Bank in 1982 when it was set up and served as its CEO till 2009. He actively participated in the setting up of EXIM Bank as a model public sector organization with a professional work culture. Prior to EXIM bank, he worked at the Bank of India and IDBI. He holds a BE, CAIIB and ICWAI (Inter).
5.	G.	Shri G. Padmanabhan served as Executive Director of the Reserve Bank of

	Padmanabhan	India. As Executive Director, Shri Padmanabhan looked after Department of Information and Technology, Department of Payment and Settlement Systems and Foreign Exchange Department. Prior to his appointment as Executive Director, Shri Padmanabhan was heading the Department of Payment & Settlement Systems in the Bank since March 2005.He is a post graduate in Economics (First Class- First) from the University of Kerala and an MBA (International Banking and Finance) from the Birmingham University, UK.

Details of newly appointed MD & CEO

Name of the Bank	Name	Age	Present Position
Bank of Baroda	P S Jayakumar	53 yrs	MD & CEO of VBHC Value Homes Pvt Ltd.
Bank of India	M.O. Rego	56 yrs	Deputy Managing Director, IDBI Bank
Canara Bank	Rakesh Sharma	57 yrs	MD & CEO, The Laxmi Vilas Bank Ltd
IDBI Bank Ltd	Kishore Kharat Piraji	56 yrs	Executive Director, Union Bank of India
Punjab National Bank	Smt. Usha Ananthasubramanian	56 yrs	CMD, Bhartiya Mahila Bank

Career Profiles

S. No.	Name	Career Profile
1.	K.P. Kharat	Shri Kishor Kharat is Executive Director of Union Bank of India. In his banking career, in Bank of Baroda, spanning over more than three decades, Shri Kharat has got varied exposure which includes Credit Administration, Foreign Business, Information Technology and general administration in India as well as overseas. Shri. Kharat has established and headed a foreign subsidiary of Bank of Baroda in Trinidad & Tobago, West Indies. His other foreign assignment was at Sharjah (UAE). In his last posting Shri Kharat was heading Financial Inclusion Vertical as General Manager of Bank of Baroda, wherein he had been a key driver for implementation of major Financial Inclusion initiatives. Shri Kharat is a graduate in Commerce, CAIIB and Law. He also holds an Executive Diploma in Management.
2.	Usha Ananthasubramanian	Smt. Usha Ananthasubramanian is the Chairman and Managing Director of Bharatiya Mahila Bank Ltd. Prior to taking over as CMD of the Bank, she was the Executive Director of Punjab National Bank for over two years. She started her career with LIC. She joined the banking industry in February 1982 as a Specialist Officer in the Planning Stream of Bank of Baroda and rose to the rank of General Manager. In a career spanning over three decades, she has worked in various positions in the banking and allied areas. Key assignments held include General Manager South Zone, Bank of Baroda and Life Insurance Joint Venture Formation. She was closely associated with the transformation project of Bank of Baroda including rebranding and innovative HR initiatives.She holds a Master's degree in Statistics from the University of Madras and a Master's degree in Ancient Indian Culture from the University of Mumbai.
3.	M.O. Rego	Shri M.O. Rego is the Deputy Managing Director of IDBI Bank. In his banking career of 31 years since 1984 when he joined IDBI, he has had extensive exposure in all areas of Core Banking and his forte lies in International Banking and Treasury. He took the lead in the area of foreign currency derivatives for liability management and as a result IDBI Bank was pioneer among all the Indian banks in the derivative market. He was MD & CEO of IDBI Home finance Ltd. which under his leadership grew from a fledgling company to become the fourth largest housing finance company. He holds B.Com from University of Pune and M.B.A (Finance) from Symbiosis Institute of Business Management, Pune.

4.	Rakesh Sharma	Mr. Rakesh Sharma, the Managing Director & Chief Executive Officer of Lakshmi Vilas Bank was earlier with State Bank of India where his last assignment was that of Chief General Manager. Mr. Sharma has served SBI for over 33 years, heading different departments – both domestic as well as internationally. His expertise lies in retail and wholesale banking, asset liability management, loan syndication, trade finance and personnel development. During his stint in SBI, Mr. Sharma also administered banking operations for International Banking Group (IBG) encompassing consolidation of balance sheets for all the foreign offices of the bank. While posted at Tokyo, he was in charge of overall functioning of SBI branches in Japan. Shri Sharma holds a B.Com degree and Masters in Economics.
5.	P.S. Jayakumar	Shri P. S. Jayakumar, serves as the Managing Director of Value and Budget Housing Corporation Pvt. Ltd. Mr. Jayakumar served as Head of Balance Sheet Optimisation - Treasury in Asia-Pacific at Citigroup Inc. since May 2008. Mr. Jayakumar started his career with Citibank in 1986 and has held many senior management positions there, including being Country Head for Consumer Business in India and Asia Pacific and Head for Consumer Lending Business in Asia Pacific. During his banking career, spanning 24 years, Mr. Jayakumar has contributed significantly to the development of the retail banking industry in India. Mr. Jayakumar served as Region Head of Asia-Pacific (Consumer Finance) at Citigroup Inc. He serves as a Director of Home First Finance Company India Private Limited and Value and Budget Housing Corporation Pvt. Ltd. He is a Gurukul Chevening Scholar from the London School of Economics and Political Science on Globalization. He holds a Master's Degree in Management from XLRI, Jamshedpur and a Bachelor Degree in Commerce from the University of Madras.

KEY PERFORMANCE INDICATORS FOR PUBLIC SECTOR BANKS

A. QUANTATIVE PARAMETERS:

	Parameter	Maximum marks	Improvement required to get full marks compared to previous year
	Efficiency of capital use	**25**	
a	Return on Assets	10	20 bps
b	Return on Equity	5	300 bps
c	NIM (Domestic)	5	10 bps
d	Cost (Overhead) as % of total income*	2.5	250 bps (reduction)
e	Cost (Expenses / provision for employees) as % of total income*	2.5	100 bps (reduction)
	***Total income = Net Interest Income + Total other Income.**		
	Growth/Diversification of business / processes	**25**	
a	Fee Based Income as % of total income**	7.5	200 bps
b	Increase in Retail Credit as % of total credit	7.5	300 bps
c	Increase in number of Transactions through alternate channels as % total transactions	5	500 bps
d	Saving Bank : Improvement in share in total deposit	5	100 bps
	****Total income = Interest earned + Total other Income**		
	NPA Management	**15**	
a	Impaired Assets as % of gross advances	10	100 bps (reduction)
b	Increase in Cash Recovery as % of opening gross Non-Performing Assets	5	1000 bps
	Financial Inclusion	**15**	
a	Zero Balance in total PMJDY accounts opened by the Banks	2	Less than 20%
b	For PMJDY Accounts : % of active Rupay Card vis-à-vis total Rupay Card issued by the Banks	2	Above 10%
c	% of eligible PMJDY Accounts, as per IBA guidelines, disbursed overdraft facility by the Banks	2	Above 20%
d	AADHAR seeding of Bank Accounts	2	Above 75%
e	Share in enrolment in 3 Social Security Schemes vis-à-vis Bank's share in Deposits (as compared to total of PSBs)	2	Share in Social Security Schemes equal to or greater than Deposit share.
f	Achievement of targets set under Pradhan Mantri Mudra Yojna	2	Above 75%
g	Growth in Housing Loans under Priority Sector as compared to growth in gross Bank credit	2	Increase of 5% in total loans
h	Growth in disbursement of Education Loans (as compared to disbursement in previous financial year)	1	Above 20%
	Total	**80**	
The improvement achieved below maximum level will be evaluated on proportionate basis of achievement. Marks obtained in fraction will be rounded off to nearest unit. For Financial Inclusion, score below maximum will be evaluated as per specified matrix.			

B. QUALITATIVE PARAMETERS:

	Parameter	Maximum marks	Benchmarking
A	Improvement in external credit rating	5	Improvement in external rating.
B	Strategic initiative taken to improve asset quality	5	Innovative initiatives taken by management to improve asset quality.
C	Efforts made to conserve capital	5	Efforts other than capital infusion.
D	HR initiatives (skill development and talent management)	5	Innovative initiatives and rate of attrition.
	Total	**20**	

Evaluation of Qualitative Parameters will be finalised by a Committee chaired by Secretary (FS).		
GRAND TOTAL	**100**	