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Did efficiency of Indian public sector banks converge with banking reforms?

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Summary

This paper examines the issue of convergence of efficiency levels among Indian public sector banks (PSBs) during the post-reforms period spanning from 1992/1993 to 2005/2006. The empirical results indicate that the majority of PSBs have observed an ascent in technical efficiency during the post-reforms years. Further, the inefficient PSBs have been noted to be catching up with the efficient ones. That is, the banks with low level of efficiency at the beginning of the period are growing more rapidly than the highly efficient banks. In sum, the study confirms a presence of convergence phenomenon in the Indian public sector banking industry.

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