

DEA TECHNIQUES FOR MEASURING EFFICIENCY OF INDIAN PUBLIC SECTOR BANKS

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ABSTRACT

The main purpose of the study is, measuring the efficiency of Indian public sector banks. One may have a challenging task to evaluate the efficiency in the banking system, because every bank has its own policies with varying management philosophical attitudes. In the present scenario, measuring efficiency is necessary for commercial bank as well as for investors. Data Envelopment Analysis (DEA) is a linear programming-based technique for measuring relative efficiency assessment called DEA efficient, for a group of decision making units (DMUs) with multiple inputs and multiple outputs. As DEA is non-parametric method, it does not require any assumptions as in parametric approach. Using DEA technique, we calculate Global technical Efficiency, Local pure technical efficiency and scale efficiencies for 26 public sector banks operating on Indian soil.

KEYWORDS: Data Envelopment Analysis, Decision Making Unit, Global Technical Efficiency, Local Pure Technical Efficiency and Scale Efficiency