

'Centre open to discuss RBI's power over regulating PSBs'

No one size: 'Liquidation can't be a panacea as there are genuine failures that need to be resolved.' Paul Noronha

Finance minister Piyush Goyal on Tuesday said the government is open to discuss the issues that the Reserve Bank of India (RBI) had raised recently over the lack of powers in regulating state-run lenders.

Amidst criticism that the apex bank had failed in its regulatory oversight over government-owned banks following the Rs. 13,500-crore PNB scam, RBI governor Urjit Patel had recently blamed it on the lack of powers to control them.

"The government is open to discuss with the RBI all the issues it has on regulating state-run banks," Mr. Goyal told an industry event here. The minister also ruled out government paring its stake in public sector banks (PSBs), saying there is no proposal with the government to lower its ownership in state-run banks to under 51% in 20 of them.

The statement comes amid strong opposition from banking and LIC unions to the government plans to sell its majority stake in the crippled IDBI Bank to LIC.

Admitting that the banking system had failed to meet the public's high expectations, Mr. Goyal said bankers had failed to live up to the high standards and ethics expected of them. He also said the government will back all the state-run banks with enough capital.

'No interference'

While PSBs had faced political interference in the past, Mr. Goyal said under the present government, no minister was interfering in the operational matters of lenders.

A day after accepting the Sunil Mehta panel recommendation to set up an asset management company to resolve smaller loan defaults of up to Rs. 500 crore, Mr. Goyal said liquidation can't be the panacea for all NPAs as there are genuine business failures which need to be resolved.

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