

# CAG QUESTIONS RBI'S ROLE AS NPA CRISIS WAS BREWING

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Rajiv Mehrishi

Comptroller and Auditor General of India Rajiv Mehrishi on Tuesday questioned the role of the Reserve Bank of India (RBI) during the time when the banks were “going berserk with their lending”, leading to the high levels of NPAs, saying that there was no public discourse on the role of the central bank during this period.

“In the present banking crisis, we all have a narrative about how it can be sorted out,” Mr. Mehrishi said while speaking at the launch of the Indian School of Public Policy in Delhi. “But nobody is asking the real question that what actually the regulator [the Reserve Bank of India] was doing. What is its role, what is its responsibility?”

“If the banks were going berserk with their lending, then what was the regulator doing,” the CAG added.

“And if it is accountable for this crisis or not, that is also a narrative nobody is talking about.”

## Lack of debate

Mr. Mehrishi also highlighted that there was a lack of any public policy debate about the root causes of the bank non-performing assets problem.

As of the end of March 31, 2018, the banking sector had NPAs worth over Rs. 9.61 lakh crore, according to government data.

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