

The Reserve Bank needs more powers to oversee public sector [banks](#) (PSBs), Governor [Urjit Patel](#) told a parliamentary panel on Tuesday amid mounting bad loans in state-run lenders.

The [RBI](#) governor, who appeared before the Parliamentary Standing Committee of Finance, faced tough questions from lawmakers on bad loans, bank frauds, cash crunch and other issues, according to sources.

Sources said the governor assured the members that steps were being taken to strengthen the system.

Regarding PSBs, he told the panel that the [RBI](#) has "inadequate" control over them.

The governor asked for more powers to control the government-owned banks, said sources present at the meeting.

There are 21 state-owned banks, including State Bank of India.

Their combined losses crossed a whopping Rs 873 billion in 2017-18 fiscal, topped by scam-tainted [Punjab National Bank](#) which took a hit of nearly Rs 123 billion.

Of the 21 state-owned banks, only two banks, Indian Bank and Vijaya Bank, posted profits during 2017-18. Indian Bank posted the highest profit of Rs 125,899 million and Vijaya Bank's profit was Rs 7,270 million in the fiscal.

Gross non-performing assets (NPA) of the entire banking sector stood at Rs 8.31 trillion at end-December 2017.

Sources further said the [RBI](#) governor also answered queries regarding the \$2 billion fraud allegedly committed by diamontaire [Nirav Modi](#) and his associates in the PNB.

According to sources, Patel said it was impossible to look after each and every branch of a bank in terms of an audit.

Some members of the committee, headed by senior Congress leader Veerappa Moily, sought to know about the reasons for recent instances of ATMs running out of cash and why enough steps were not taken to tackle banking frauds.

Patel told the panel that steps were being taken to strengthen the banking system. "We are confident that we will be able to tide over the crisis," a source quoted the governor as saying with respect to the [NPA](#) situation.

On an optimistic note, Patel informed the committee that after implementation of the Insolvency and Bankruptcy Code (IBC), the situation on the [NPA](#) front has been improving.