

NEW DELHI: [Piyush Goyal](#)

who is currently holding the finance ministry said on Friday that the government was committed to support all state-run banks and strengthen their operations, after several lenders reported a jump in net losses last month.

“The government stands committed to support all 21 Public sector banks,” Goyal told reporters after a meeting with bank chiefs.

He said a panel headed by Punjab National Bank (PNB) CEO [Sunil Mehta](#)

would examine whether banks needed to set up an asset reconstruction company for faster resolution of stressed lenders.

Indian banks, already burdened by a near-record Rs 9.5 lakh crore of soured loans as of last year, reported a further rise in bad loans in the March quarter after the central bank withdrew half a dozen loan-restructuring schemes and tightened some rules.

The 21 banks majority-owned by the Indian government, which account for two-thirds of banking assets in the country, hold close to 90 percent of soured loans.

Goyal said the government and the [Reserve Bank of India](#)

would make all efforts to bring state banks into a “good shape” so that they could once again become “an engine of economic growth”.

“The government of India believes that the autonomy of the banks be recognised,” Goyal said, adding the government has not “micromanaged banks”.

On potential mergers, he said the banks would have to take a final call on consolidation based on their experiences and needs.

[ICICI BANK](#)

Addressing allegations of mismanagement at the private lender ICICI Bank Ltd, Goyal said there was no cause for concern for stakeholders. “ICICI Bank is a good bank. It has very robust processes and there is no cause for concern for any of the stakeholders of ICICI Bank,” he said.

ICICI, India’s third-biggest lender by assets, is battling allegations that its Chief Executive Chanda Kochhar had broken the bank’s code of conduct.

The bank has set up an inquiry into allegations raised by an anonymous whistleblower that Kochhar favoured [Videocon](#)

Group in its lending practices.

Videocon’s founders had an investment in a renewable energy company founded by

Kochhar's husband. The bank rejected the accusations of nepotism in March and said the board had "full confidence and reposes full faith" in Kochhar.

Goyal said the bank's internal and external inquiry committees would look into the allegations.