

[Finance Minister Piyush Goyal](#) on Tuesday said the government is open to giving more powers to [RBI](#) to deal more effectively with frauds like the ones allegedly committed by diamond jeweller [Nirav Modi](#) in PNB.

Goyal's comment comes within days of [RBI](#) Governor [Urjit Patel](#) reportedly telling a parliamentary standing committee that the central bank lacked enough powers to effectively regulate Public Sector Banks (PSBs).

On RBI's stand, Goyal said however that those were the views of the Governor about powers of regulation and supervision of the central bank.

"We believe that powers are available with the Reserve Bank and that is the conversation that the government and Reserve Bank will have amongst themselves," Goyal told the media after meeting heads of 13 public sector banks (PSBs) here.

"If there are any more additional powers required, government is open to that," he said.

The minister added however that he personally does not "believe there is any shortage of powers but we will have discussion with [RBI](#) and sort them out".

Appearing before the Parliamentary Standing Committee on Finance on June 12 here, Patel had made a strong case for more powers to effectively regulate PSBs, as several of them have been hit by frauds.

The most talked about fraud allegedly involves Nirav Modi, who along with associates, used fake Letters of Undertaking (LoUs) to defrauded the state-owned Punjab National Bank to the tune over \$2 billion.

Replying to the questions of lawmakers on PSBs, Patel reportedly told the panel that the RBI has "inadequate" control over them and asked for more powers to regulate them.

The RBI has cited at least 10 areas where it has no control over PSBs. The central bank has no powers to remove chairman, director or CEO of state-owned banks and also cannot impose restriction on common directors on PSB boards, among others.

On bank frauds, Goyal said those are conducted by private sector and not by public sector.

"They (private sector) have used the public sector banks as a medium to conduct the fraud," he said.