

The cumulative loss of public sector [banks](#) crossed a whopping Rs 873.57 bn in the 2017-18 fiscal, with scam-tainted [Punjab National Bank](#) topping the chart with a hit of nearly Rs 122.83 bn followed by [IDBI Bank](#).

Out of 21 state-owned banks, only two -- [Indian Bank](#) and [Vijaya Bank](#) -- posted profits during 2017-18. [Indian Bank](#) posted highest profit of Rs 12.58 bn and the Vijaya Bank's profit worked out to be Rs 7.27 bn.

The rest 19 government-run [banks](#) collectively posted a net loss of Rs 873.57 bn during the fiscal, as per the latest quarterly numbers posted by these lenders.

All 21 [banks](#) had together posted a net profit of Rs 4.73 bn in the 2016-17 fiscal.

Punjab National Bank, which is reeling under over Rs 140 bn scam allegedly perpetrated by [Nirav Modi](#) and associates, posted a net loss of Rs 122.82 bn last fiscal. In 2016-17, the Delhi-headquartered bank had posted a profit of Rs 13.24 bn.

PNB was followed by IDBI Bank, whose net loss widened to Rs 82.37 bn in the fiscal ended March 2018 from Rs 51.58 bn in the previous year.

India's largest bank [State Bank of India](#) too added hugely to the combined losses of PSBs. SBI's net loss in 2017-18 stood at Rs 65.47 bn as against a net profit of Rs 104.84 bn in 2016-17.

Indian banking sector is grappling with mounting non-performing assets (NPAs) and host of scams and frauds.

The NPA in the banking sector stood at Rs 8.31 trillion as of December 2017.

Weak financials due to mounting bad loans have already pushed 11 banks, out of 21 state-owned banks, under the Prompt Corrective Action (PCA) framework of the Reserve Bank.

The recent tight prudential norms released by the RBI on February 12 have added to the NPA woes.

Interim [Finance](#) Minister [Piyush Goyal](#) has announced setting up of a committee to give recommendations in two weeks on formation of an Asset Reconstruction Company for faster resolution of stressed accounts.

The committee under Sunil Mehta, non-executive chairman of PNB, will make recommendations in two weeks on setting up of an Asset Reconstruction Company or Asset Management Company for faster resolution of stressed accounts.

The [finance](#) minister said the committee will consider whether such an arrangement will be good for the banking system and, if any such suggestion is advisable, it will also consider the modalities by which such an ARC and/or and AMC should be set up.