

# Banks need to overcome problems fast to lend large credit: Rangarajan

PTI | Updated: Mar 07, 2018, 12.55 PM IST

2  
Comments

Indian banks need to overcome their current problems quickly to be able to lend in large

amounts, former Reserve Bank governor C Rangarajan has said.



His remarks come amid the Rs 12,700 crore fraud detected recently at the Punjab National Bank (PNB [BSE 0.00 %](#)) and the banking system's overall struggle to overcome mounting bad loans.

To a query on the problems of non-performing assets (NPAs) or bad loans and frauds that have hit the country's banking system, Rangarajan said, "I think the banking system is stressed. It had already been stressed for some years.

"I think that through recapitalisation and other measures, we really need to ensure that the banking system gets strong enough to be able to begin the process of lending."

*His remarks come amid the Rs 12,700 crore fraud detected recently at PNB and the banking system's overall struggle to overcome mounting bad loans.*

The primary role of the banks is to raise deposits and lend, he told on the sidelines of an event here.

"In the larger interest of the country, from the growth point of view, we need to overcome the current problem as quickly as possible and let the banking system move on to be able to provide larger amount of credit," Rangarajan said.



Easy & paperless a/c opening with 5Paesa

5 PAISA



Trade Bitcoin CFDs with iFOREX now

iforex.in

Recommended By Colombia

Last month, the PNB had said it detected fraudulent transactions worth about Rs 12,700 crore at one of its branches in Mumbai.

The transactions were allegedly carried out by diamond jeweller [Nirav Modi](#) by acquiring fraudulent letters of undertaking (LoUs) from the lender's Brady House branch in Mumbai to secure overseas credit from other Indian lenders.

The CBI has so far arrested over a dozen people, including former and current officials of PNB and companies related to diamond traders Nirav Modi and Mehul Choksi.