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PSBs have a role, needed to push infra growth: BBB Chief

BY PTI | UPDATED: APR 01, 2018, 12.25 PM IST

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NEW [DELHI](#): Brushing aside clamour for privatisation of state-owned lenders, Banks Board Bureau chief [Vinod Rai](#) said public sector banks still have a role specially in the creation of infrastructure in the country.

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Expressing concerns over a spate of frauds in public sector banks (PSBs), several experts, including Chief Economic Adviser Arvind Subramanian and former [Niti Aayog](#) chairman Arvind Panagariya, have made a case for the privatisation of government-owned lenders.

Rai, however, said that PSBs still have a role to play especially in supporting the infrastructure sector.

"PSBs have a role to perform and in [India](#) if PSBs had not been there, infrastructure would not have got the kind of support that we have. Whether it was road, ports, airport, power, telecom, all these sectors were supported majorally only by PSBs," Rai told in an interview.

"We may say that market cap of private banks is as high as that of public sector banks', but they have been jostling in the retail space. They have never got into infrastructure space," he said.

If infrastructure has to grow within the country, the needed support would flow from PSBs, he said.



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Following the massive Rs 13,000-crore fraud at Punjab National Bank, industry associations like Ficci and Assocham have been making a strong case for the privatisation of PSBs to avoid such fraudulent activities in future.

Chief Economic Adviser Arvind Subramanian recently said that time had come for rethinking on the ownership of PSBs in India as part of radical reforms in the banking sector.

"I think we are now coming more and more to the view that if you want this problem (spate of frauds in PSBs) not to recur in the future, then we can't throw money in a black hole," he added.

Panagariya has also pitched strongly for PSBs' privatisation, saying that political parties serious of forming government in 2019 should include the proposal in their manifesto.

The chairman of the country's largest lender SBI is among those who have opposed the demand, underscoring that sale of public lenders is not a cure-all solution to their problems.

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