

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4801

ANSWERED ON:24.08.2001

BAIL OUT PACKAGE FOR IFCI

A. VENKATESH NAIK;AMBATI BRAHMANAIAH;ASHOK NAMDEORAO MOHOL;GADDE RAMAMOCHAN;M.V.V.S MURTHI;RAMSHETH THAKUR;SHIVAJI MANE;SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have approved a bail out package for the crisis ridden Industrial Finance Corporation of India (IFCI) Limited;
- (b) if so, the details of the package approved therefor;
- (c) whether the Government have worked out the modalities for the bail out package; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): Government has decided to shore up Tier-I capital of IFCI by subscribing Rs.400 crores to the 20 years convertible debentures to be issued by IFCI. Major FIs/Banks who are the main shareholders of IFCI have also agreed to consider favourably IFCI's request to infuse further capital of Rs.600 crores.

IFCI has also been asked to take several measures including steps to expedite cases pending with BIFR and Courts, particularly involving large NPAs, exploring the possibility of roll over/refinancing of foreign currency and domestic lenders, exploring the possibility for a strategic partnership with foreign lenders (after its financial health is restored), vetting of the projection of IFCI's profitability and business plan by a reputed and independent agency, undertaking study to assess the impact of the NPAs in IFCI's portfolio with a view to consider sector-wise approach for resolving the problems etc.