

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3129
ANSWERED ON:22.03.2002
VIOLATION OF RBI NORMS BY IFCI
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has sought the explanation of IFCI regarding gross violation of the norms fixed by RBI upon the exposure of individual as well as group companies as appearing in the `Indian Express` dated 1 December 19, 2001 under the caption `IFCI charged V1 violating RBI's exposure norms - FI says that correct steps have been taken which would need three to five years`;

(b) if so, the facts reported thereof; and

(c) the action taken by the Government there on?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN) :

(a) to (c) The Government by taking notice of the fact that IFCI had exceeded the exposure limits in certain cases, had enquired the reasons and circumstances for the same from IFCI. IFCI has reported that the exposure limits in certain cases had not been exceeded at the time of sanction, but exceeded only upon subsequent developments like reduction in net worth/capital funds and revision guidelines by RBI for computation of funds by excluding the preference shares. In certain cases further assistance had been sanctioned to borrowers with project under implementation, despite the norms having been pierced only to cover the interest during construction period and in exceptional cases fresh cash disbursement had to be considered mainly to ensure completion of the project which had reached advanced stage of implementation.