

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:96  
ANSWERED ON:23.11.2001  
BAILOUT PLAN FOR STATE FINANCE CORPORATIONS  
GANGASANDRA SIDDAPPA BASAVARAJ;Y.S. VIVEKANANDA REDDY

**Will the Minister of FINANCE be pleased to state:**

- (a) whether a bailout plan worth over Rs. 3,600 crore for the ailing State Finance Corporations has been finalized by the Government after consulting respective States;
- (b) if so, the details of the package worked out; and
- (c) the time by which it likely to be implemented?

**Answer**

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

(a) to (c) The Committee under the Chairmanship & Managing Director, Industrial Development Bank of India (IDBI) in its report dated 30th January, 2001 has made recommendations for operational, financial and organizational restructuring of State Financial Corporations. The Committee has, inter-alia, recommended recapitalisation, amounting to Rs. 3,600 crore which can be shared by Central Government, Reserve Bank of India, Industrial Development Bank of India, Small Industries Development Bank of India and State Governments which should be linked to reforms on the operations of SFCs. The process of consultation with the State Governments and other concerned agencies on implementation of various recommendations is yet to be completed.