

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2301
ANSWERED ON:23.07.2004
IFCI- PMB MERGER
Manoj Kumar Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether Industrial Finance Corporation of India-Punjab National Bank merger formalities are being delayed ;
- (b) if so, the reasons therefor;
- (c) whether IFCI employees have again represented to the Government to revive the IFCI ;
- (d) if so, the reaction of the Government thereto; and
- (e) the time by which a final decision is likely to be taken in this regard ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

- (a) to (b). The financial performance of IFCI represents a risk to the financial system as a whole. The option of the merger of IFCI with other financial institutions and public sector banks has been considered in this light. IFCI is a company registered under the companies Act 1956 . Government has no shareholding in IFCI. The merger of IFCI with any nationalized bank/FI, and its pace depends on the decision of the Board of Directors of IFCI. .
- (c) The IFCI Employees` Association have been representing seeking merger of IFCI with IDBI.
- (d)The Government are of the view that operations of IFCI are unsustainable and represent a risk to the stability of financial system as a whole.
- (e) The decision regarding merger would be taken by the Board of Directors of IFCI depending on their analysis of the entity, which offers maximum synergy,