GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2244
ANSWERED ON:12.08.2011
RESTRUCTURING OF IFCI
Majumdar Shri Prasanta Kumar;Tirkey Shri Manohar

Will the Minister of FINANCE be pleased to state:

(a) the details of investments in Industrial Financial Corporation of India (IFCI) by public sector banks like State Bank of India (SBI), insurance companies and Union Trust of India (UTI) etc. as on 31st December, 2010;

(b) the amount sacrificed separately by above institution for restructuring their liabilities in IFCI; and

(c) the financial assistance given by the Ministry of Finance to IFCI after its registration as a company alongwith reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): As intimated by the Industrial Finance Corporation of India Ltd.(IFCI), the details of investments in IFCI Limited by Public Sector Banks, including State Bank of India, Financial Institutions which includes Insurance Companies and UTI, etc as on December 31st, 2010 are as under:

rs in crore

Facility	Public Sector Banks	Insurance Companies	Total
Bonds & debentures	3112.36	1574.80	4687.16
Preference Shares	256.18	5.65	261.83
Grand Total	3368.54	1580.45	4948.99

Further, the Public Sector Banks and Insurance Companies, including UTI hold equity shares (No's) 200114274 which have a face value of rs 10/- per share, and their percentage share holding in IFCI on 31.12.2010 was 27.122%.

(b): There has been no sacrifice by way of principal amount. On the non-SLR investment, a restructuring was done by way of reduction in the interest rate on 50% of investment from an average rate of about 13% to 6%, and the remaining 50% investment was converted into Zero Coupon Optionally Convertible Debentures.

(c): The year-wise details of financial assistance provided to IFCI by the Government of India since its registration as a company are as under:

Year	Amount (Rs in crore)
2001-2002	400.00

2002-03	523.00
2003-04	1573.00
2004-05	316.00
2005-06	300.00
2006-07	220.31
Total	3332.31

The Financial assistance was meant to prevent default, mitigate systemic risks, safeguard the interest of small investors and salvage the credibility of the financial system.