

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1034
ANSWERED ON:05.08.2011
RIGHTS OF UNION GOVERNMENT IN IFCI
Joshi Shri Pralhad Venkatesh;Naik Shri Shripad Yesso

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government had subscribed to 0.1 per cent optional convertible debentures of Industrial Finance Corporation of India (IFCI) Limited worth Rs. 523 crores;
- (b) if so, the details thereof and the reasons therefor;
- (c) the details of rights carried conferred by the debentures;
- (d) whether any of the other shareholders of IFCI has exercised similar rights as enjoyed by the Government of India;
- (e) if so, the details thereof; and
- (f) whether the Government has proposals to exercise its option for conversion of bonds into equity shares and if so, the details thereof?

Answer

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

- (a) Yes, Sir.
- (b) As a part of financial package to IFCI approved by the Government in 2002-03, an amount of Rs. 523 crore was provided in the form of Optionally Convertible Debentures of twenty years with the rate of interest being 0.1% per annum.
- (c) These Debentures carry the right of recompense at par with other stakeholders.
- (d)& (e) Public Sector Banks and Financial Institutions,during the year 2002-03,had converted part of their investment in IFCI into Zero Coupon Optionally Convertible Debentures with a right to recompense.During the year 2007-08 they have exercised the option. The details are given at Annexure.
- (f) No such proposal is under consideration of the Government.