

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1749

ANSWERED ON:23.03.2012

RESTRUCTURING OF IFCI LIABILITIES

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Will the Minister of FINANCE be pleased to state:

- (a) whether a restructuring of Industrial Finance Corporation of India Ltd.'s (IFCIs) liabilities is going on;
- (b) if so, the details thereof;
- (c) the details of decisions authorizing such restructuring alongwith the dates when such decisions were taken;
- (d) interest rate-wise break-up of restructured amount carrying interest @ 6% per annum and Zero Coupon rate;
- (e) period-wise break-up of the amount rolled over (i) for 10 years and (ii) for 20 years; and
- (f) aggregate saving in cost of funds to IFCI as a result of restructuring of its liabilities by Government/Reserve Bank of India owned/controlled Banks and Financial Institutions as per decision of the stakeholders meetings?

Answer

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

(a) Industrial Finance Corporation of India Ltd. (IFCI) has reported that their liabilities have been restructured in the year 2002 and the restructuring of liabilities of IFCI has been completed.

(b) and (c) The decision in regard to restructuring of liabilities of IFCI was taken in the meetings of Stakeholders held on 26th November, and 2nd December, 2002. The salient features of the restructuring were as under:-

(i) The cut-off date for restructuring was April 1, 2002.

(ii) There was no sacrifice in principal amounts of investment.

(iii) There was no sacrifice in SLR investments in principal or interest till original dates of maturity. Roll over by 10 years with interest at prevailing 10 year G-Sec rate.

(iv) On the non-SLR investment, restructuring involved extension of maturity by 10 years and reduction in the interest rate of 50% of investment, from average rate of above 13% to 6% and conversion of the balance 50% into Zero Coupon Optionally Convertible Debentures.

(v) Interest on loans reduced from about 10.90% to 6% per annum and the extension of maturity by 20 years.

(vi) On investment in preference shares, the tenure increased to 20 years and dividend reduced to 0.1% from average rate of about 10%.

(d) The current outstanding of interest rate-wise break-up of restructured amount is Rs.2,993.49 crore. Of this, Rs.2,575.30 crore is at the rate of 6% and Rs.418.19 crore at zero coupon.

(e) Period-wise break-up of the outstanding amounts rolled over as on cut-off date was:

10 years (At interest rate of 6%) - Rs. 1,580.30 crore
(At interest rate of 5.30-8.41%) - Rs. 2,162.04 crore

20 years (At interest rate of 6%) - Rs. 995.00 crore

20 years (Zero coupon) - Rs. 1,479.21 crore

Of the 20 year zero coupon instruments, Rs.1061.02 crore was converted into equity shares of IFCI in 2007-08 as per the option exercised by the holders and the outstanding amount in this as on date is Rs.418.19 crore.

(f) The saving in cost of funds to IFCI as a result of restructuring of its liabilities by Government/Reserve Bank of India owned/controlled Banks and Financial Institutions as per decisions of the Stakeholders meetings was Rs 1,056.67 crore till the original dates of maturity.