

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2992
ANSWERED ON:24.07.2009
STATE FINANCIAL CORPORATIONS
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Will the Minister of FINANCE be pleased to state:

- (a) the details of State Financial Corporations (SFCs) set up in the country, state-wise along with the status of functioning of each such SFC;
- (b) whether any SFC has been restructured;
- (c) if so, the details thereof during the last three years, SFC-wise;
- (d) whether the Union Government has received requests/proposals from various States including Orissa for revival of SFCs; and
- (e) if so, the details thereof along with the action taken on each such proposal?

Answer

Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a): There are 18 State Financial Corporations in the Country. A statement showing the names and status of functioning of 18 SFCs is Annexed.

(b): In order to improve their overall health and functioning a Tripartite Memorandum of Understanding (MoU) was signed by SIDBI with 11 SFCs involving concerned State Governments. However, 1 SFC namely, UPFC did not implement the MoU and its account has become NPA in the books of SIDBI.

(c): Out of 10 MoU SFCs, the net worth of 8 SFCs have become positive. The remaining 2 SFCs are also likely to emerge as positive net worth during 2009-10. SFCs are now sensitized about systemic improvements in their workings.

(d)&(e): In June, 2007, RBI had directed SIDBI to stop refinance to SFCs with negative net worth. Consequently, 4 State Governments viz; Haryana, Karnataka, Tamil Nadu & Himachal Pradesh had approached the Union Government to take up the matter with RBI to allow SIDBI to continue refinance support. After these States had committed that they would extend support by infusing necessary funds to revitalize the SFCs, SIDBI was allowed to continue refinance for these SFCs.

Orissa State Financial Corporation (OSFC) was in default since 2002. The SFC was offered a restructuring package by SIDBI in July, 2005. Thereafter, the Corporation has been regular in honouring its dues as per the package. SIDBI has proposed to sign MOU and restart refinance facility to OSFC.