

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4681
ANSWERED ON:07.08.2009
LOSS MAKING SBI SUBSIDIARIES
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Will the Minister of FINANCE be pleased to state:

- (a) whether the subsidiaries of SBI have incurred loss recently;
- (b) if so, the details thereof during the last three years; and
- (c) the steps taken by the Government to improve the performance of loss making subsidiaries of SBI?

Answer

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

(a) & (b): During the last three years, two of the subsidiaries of the State Bank of India (SBI) viz. SBI Life Insurance Company Ltd. (SBI Life) and SBI Cards & Payment Services Pvt. Ltd. (SBI Cards) have incurred losses. Though, both these subsidiaries had reported profits for the year 2006-07, SBI Cards incurred pre-tax losses of Rs.230 crore and Rs.185.10 crore for the years 2007-08 and 2008-09 respectively, and SBI Life incurred pre-tax loss of Rs.26.31 crore for the year 2008-09.

(c): (i) SBI Life was the first insurance company amongst the private insurers to declare profits and has posted profits continuously for a period of three years (i.e. 2005-06 to 2007-08). The loss suffered by SBI Life in the financial year 2008-09 is mainly on account of depressed market conditions. The business model of the company continues to be profitable and has generated profits from insurance operations during the first quarter of the year 2009-10.

(ii) SBI Cards has effected certain changes in its business model to improve the quality of assets, reduce the cost of operation and, thereby, improve its financials and generate profits.