

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2360  
ANSWERED ON:23.08.2013  
SHARE CAPITAL OF IFCI  
Rawat Shri Ashok Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) the date of establishment of Industrial Finance Corporation of India (IFCI) Limited alongwith the date when it was decided to turn it into public sector enterprise;
- (b) the percentage of the share capital of the IFCI Limited fixed for holding by government institutions after its registration under the Companies Act;
- (c) whether the Ministry had issued any directions to the Chairmen and Managing Directors of financial institutions/companies/banks to desist from diluting the share capital available as on 30 June, 1993, if so, the details thereof;
- (d) the entity-wise response thereto including IFCI; and
- (e) the action taken for dilution of share capital without holding consultations with the Government or taking its permission, entity-wise including IFCI?

**Answer**

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

- (a) Industrial Finance Corporation of India (IFCI) was set up on 1st July, 1948 as a Statutory Corporation under the Industrial Finance Corporation Act, 1948. The Act has since been repealed by the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993. Thereafter the IFCI Ltd. was registered under the Companies Act, 1956 on 31.03.1993.
- (b) Share holding by Government Institutions in IFCI was to be maintained at the level of above 51 %.
- (c) & (d) The then Banking Secretary had written a DO letter on 28.01.1994 to Chairmen of IDBI, LIC, GIC, State Bank of India and other concerned nationalized banks to ensure that the shareholding by their organizations does not go below the level held by them as on 30.06.1993.
- (e) The following banks have been found to have diluted their holding in IFCI as against the said Government directive :-

1. Andhra Bank
2. Bank of India
3. Indian Overseas Bank
4. IDBI Bank
5. State Bank of India
6. State Bank of Bikaner & Jaipur
- 7 State Bank of Patiala
8. State Bank of Travancore

The said organizations were advised to fix responsibilities on the officials responsible for diluting the equity in IFCI against the directives of the Government. Further, IDBI Bank has been advised to call for explanation of all the officers who were involved in the decision for dilution of stake of IDBI in IFCI.