

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:5211  
ANSWERED ON:25.04.2003  
RESTRUCTURING OF STATE FINANCIAL CORPORATION  
BASUDEB ACHARIA

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether the Union Government have initiated talks with State Governments for restructuring State Financial Corporations (SFCs);
- (b) if so, the details thereof and the action proposed & to be taken by the Government for restructuring of SFCs;
- (c) whether a high-level Committee constituted for this purpose had recommended for financial packages to the SFCs;
- (d) if so, the details of action taken by the Government in this regard;
- (e) whether transferring of IDBI's stake in SFCs to SIDBI (Small Industrial Development Bank of India) has been allowed; and
- (f) if so, the details with reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) and (b) Small industries Development Bank of India (SIDBI) has been holding discussions with State Financial Corporations (SFCs) with a view to finding a solution to make the SFCs viable in the long term.
- (c) and (d) The report of the G.P. Gupta Committee has been sent to various SFCs for taking immediate action on recommendations that do not involve any financial support, such as operational and organizational restructuring, SFCs, being State entities, the State Governments are the principal stakeholders. They are thus expected to consider steps for improving the performance and recapitalisation of SFCs.
- (e) and (f) Industrial Development Bank of India (IDBI) has been advised to take steps to transfer its shareholding in SFCs to SIDBI, in accordance with the provisions of Section 4-H of State Financial Corporations (Amendment) Act, 2000. IDBI has been further advised to engage SBI Capital Markets Limited to determine the price of shares of SFCs to be transferred to the SIDBI.