

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:791
ANSWERED ON:05.12.2003
IT COMPANY OF SBI
TUFANI SAROJ

Will the Minister of FINANCE be pleased to state:

- (a) whether the State Bank of India propose to set up an information technology company;
- (b) if so, the objective of setting up such a company;
- (c) the funds likely to be spent by the State Bank of India on floating this company;
- (d) whether this proposed company is likely to set up as an undertaking; and
- (e) if so, the details of the other companies that will be a part of this company?

Answer

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

- (a) Yes, Sir. SBI is planning a Joint Venture (JV) with a reputed Information Technology company.
- (b) Public Sector Banks (PSBs) are facing increasing competition from the foreign and private sector banks due to technological advantages. In order to meet this competition, it is necessary that efforts are mounted to bring the level of technology in PSBs at par with their competitors. The challenge for SBI is still bigger because of its large network of branches, some in remotest corners of the country. Networking of these branches and maintenance of equipment will require substantial effort. Any in-house effort for this will not only be very complex but also time-consuming. SBI lacks internal capability to achieve all this. The JV company is being seen as the vehicle which will give a push to the current as well as future technology initiatives of the Bank. In due course, the company will also take up business activities independent of SBI, catering to the banking and financial services requirements of the industry within India, as well as in near and far geographies.
- (c) The formation of JV is in a very early stage. The equity contribution will have to be decided in consultation with the prospective partner, depending on the financial structuring of the company and the quantum of equity participation that the partner may agree for.
- (d) No Sir, The proposed company will be a Joint Venture partnership.
- (e) SBI is identifying a suitable partner for Joint Venture alliance.