

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2959
ANSWERED ON:10.08.2001
PROFIT EARNED BY IDBI
CHANDRESH PATEL KORDIA

Will the Minister of FINANCE be pleased to state:

- (a) the profits earned by the IDBI during the year 2000-2001 and profit earned during the previous year;
- (b) whether the profit margin of the IDBI bank has fallen;
- (c) if so, the extent thereof alongwith the reasons therefor;
- (d) the measures taken to increase the profit on this bank;
- (e) whether IDBI bank made effortsto mobilize resources from the market at the minimum rates following the recommendations of the Narsimahan Committee; and
- (f) if so, the details thereof and the decision taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH):

(a) to (c) During the year 2000-2001, IDBI made a profit before tax of Rs. 734 crores as against Rs. 1027 crores in the previous year. After providing for tax of Rs. 43 crores the profit after tax amounted to Rs. 691 crores as against Rs. 947 crores in 1999-2000. Increase in the cost of funds due to recourse to market based borrowings and decline in lending rates, increased level of NPAs leading to higher provisioning, write-off as also reversal of unrealized income put the margins of IDBI under pressure.

(d) IDBI has taken several measures including NPAs containment, retiring high cost borrowings and new business initiatives with a view to increase its profitability.

(e) and (f) IDBI raised resources from market at optimum rates through various products and schemes for both wholesale and retail segments. The details of resources raised through various instruments is given below:

(Rs. in crore)

2000-2001	
Fixed Deposit	147
Certificate of Deposit	1512
Term Money Bond	14
IDBI Corporate Deposit	533
Omni Bonds-on Tap	3122
Omni Bonds- Pvt.Placement	1198
Capital Gains Bonds	10
Flexibonds	1161
Total	7727

The resource mobilization by IDBI is done on purely commercial considerations and Government has no role in the matter.