

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:261

ANSWERED ON:09.12.2005

IFCI LOSSES

Mane Smt. Nivedita; Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether the Industrial Finance Corporation of India (IFCI) incurred losses due to default by various companies to whom the institution extended the credit and loan facilities ;

(b) if so, the details in this regard ;

(c) whether the Government has taken any steps to recover the principal amount with interest thereon from the defaulters; and

(d) if so, the details thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a),(b),(c) and (d) :- A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN THE REPLY TO STARRED QUESTION NO.261 SCHEDULED FOR REPLY ON 9TH DECEMBER, 2005 REGARDING IFCI LOSSES.

(a)to(d) :- IFCI Ltd. began to incur losses due to provisioning on defaults by companies to whom the Institution extended credit as well as due to the high cost of their borrowings. IFCI is a company registered under the Companies Act, 1956. Government has no shareholding in IFCI Ltd. The affairs of IFCI Ltd. are managed by the Board of Directors and it is for them to take steps to recover the dues within the legislative and institutional framework which Government has made increasingly conducive for recovery of dues. It is reported that in order to resolve the existing NPAs and to prevent slippage of performing assets into NPAs, following steps have been taken by IFCI:-

1. Restructuring packages have been formulated in 31 cases;
2. 93 cases involving Rs. 707 crores have been settled through Negotiation/OTS during 2004-05;
3. 810 cases have been filed in various DRTs for recovery of Rs. 11845 crores;
4. 96 notices have been issued under SARFAESI Act to recover Rs. 4268 crores.