

Ordinance, 2002" on 21st June, 2002 which provides legal framework for Asset Reconstruction Companies (ARC). Replacement Bill has also been introduced in Lok Sabha.

It is expected that with the promulgation of this Ordinance many ARCs would be set up in the private sector.

Government wants Asset Reconstruction Companies to be in private sector and function on sound business principles so that their liabilities do not devolve on the Government.

CRISIL rating of IDBI

2151. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that CRISIL rating of IDBI has come down from AAA+ to AA+ in about two years;

(b) if so, the reasons therefor; and

(c) the steps being taken to improve the credibility of IDBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) IDBI has reported that CRISIL revised the rating for IDBI bonds and Certificate of Deposits from "AAA" to "AA+" during July 2001.

(b) According to the rating rationale of CRISIL, the rating revision is attributed to decline in profitability of IDBI due to a combination of asset quality problems and contraction in spreads and non-fructification of the earlier indicated recapitalisation plan.

(c) To address the concerns of the rating agency, steps have been taken by IDBI to improve the asset quality, profitability and further strengthening its fundamentals. The steps include measures to reduce borrowing cost, administrative cost of IDBI and diversification of asset base in favour of short term loans with higher yield.

Vigilance of RBI over Private Banks

2152. SHRI NANDI YELLAIAH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether there is any constant vigilance over the functioning of