

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2304

TO BE ANSWERED ON THE 16TH MARCH 2021/ PHALGUNA 25, 1942 (SAKA)

Privatisation of banks

2304. SHRI PRABHAKAR REDDY VEMIREDDY:

Will the Minister of FINANCE be pleased to state:

- (a) the details of strategy to privatize two banks and one insurance company;
- (b) the reasons for setting up of Development Financial Institution when the country has already Industrial Finance Corporation of India (IFCI) and India Infrastructure Finance Company Limited (IIFCL);
- (c) whether Government has decided to transfer ₹2.2 lakh crores of NPAs to banks; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE

(SHRI ANURAG SINGH THAKUR)

(a): The Finance Minister, in her speech on the Union Budget for the year 2021-22, announced the Government's intent to take up the privatisation of two Public Sector Banks (PSBs) and one General Insurance company and the approval of a policy of strategic disinvestment of Public Sector Enterprises (PSE). As per the New PSE policy for Atmanirbhar Bharat issued by the Department of Investment and Public Asset Management, recommendations shall be made by NITI Aayog with regard to Central PSEs under Strategic Sectors, which includes the Banking, Insurance and Financial Services Sector, and recommendations shall be considered and Central PSEs to be, *inter alia*, retained under Government control or considered for privatisation or merger or subsidiarisation with another PSE shall be approved by an Alternative Mechanism that has been approved by the Government. No proposal is currently under consideration of the said mechanism.

(b): India Infrastructure Finance Company Limited (IIFCL) and Industrial Finance Corporation of India (IFCI) Limited are registered as Non-Banking Finance Company (NBFC) with Reserve Bank of India. Under National Infrastructure Pipeline (NIP), total projected infrastructure investment of Rs. 111 lakh crore has been envisaged in India. The resource plan of NIP, *inter alia*, factors in funding from banks and NBFCs. The NIP envisages a shortfall to the extent of 8-10% of the total requirement. The Development Financial Institution (DFI) is an initiative to help address this shortfall.

(c) and (d): No Sir.
