GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT
(DIPAM)

RAJYA SABHA

STARRED QUESTION NO.*199

TO BE ANSWERED ON TUESDAY, MARCH 22, 2022

1 CHAITRA, 1944 (SAKA)

DISINVESTMENT/PRIVATISATION OF IDBI BANK

*199. SMT. PHULO DEVI NETAM:

WILL THE MINISTER OF FINANCE BE PLEASED TO STATE:

a) whether Government has initiated calls seeking Expressions of Interest in the sale of its shares in IDBI Bank;

b) if so, the details thereof and if not, the proposed timeline for the same;

c) whether the Government has consulted unions and associations of IDBI Bank employees to address their concerns about the proposed privatisation of IDBI Bank; and

d) the reasons as to why Government is proposing to sell its stake in IDBI Bank despite the Finance Minister‘s assurance in 2003 to maintain at least 51 per cent shareholding at all times?

ANSWER

THE MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

a) to d) A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS a) to d) OF RAJYA SABHA STARRED QUESTION NO. *199 TO BE ANSWERED ON 22nd MARCH, 2022 REGARDING 'DISINVESTMENT/PRIVATISATION OF IDBI BANK'

a) & b) Pursuant to the CCEA's (Cabinet Committee on Economic Affairs) approval in May 2021 for the strategic disinvestment of Government of India's (GoI) and LIC's shareholding along with transfer of management control in IDBI Bank Ltd., road shows are currently being held to assess the investors' interest before floating the Expression of Interest (EoI).

c) While deciding the terms and conditions of the strategic sale, legitimate concerns of the existing employees and other stakeholders are suitably addressed through appropriate provisions made in the Share Purchase Agreement (SPA).

d) In the budget speech for Union Budget 2016-17, it was announced that the Government will consider the option of reducing its stake to below 50% in the IDBI Bank. In pursuance of this announcement, LIC had acquired 51% controlling stake in IDBI Bank Ltd. with the approval of IRDAI and RBI. Subsequently, in the budget speech for 2021-22, strategic disinvestment of GoI's equity in IDBI Bank was announced and as per the CCEA's decision of May 2021, it has been decided to have strategic disinvestment of GoI and LIC shareholding in IDBI Bank along with transfer of management control. It is expected that the strategic buyer will infuse funds, new technology and best management practices for optimal development of business potential and growth of IDBI Bank Ltd. and shall generate more business without dependence on LIC and GoI for capital. Unlocking of resources by the strategic disinvestment of GoI's equity in IDBI Bank Ltd. would be used to finance the social sector/developmental programs of the Government benefitting the citizens.

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