

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 115
TO BE ANSWERED ON 22.07.2024

STRENGTHENING OF STATE FINANCIAL CORPORATIONS

115. SMT. SULATA DEO:
SHRI NIRANJAN BISHI:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Government has any plan and program to revive and revitalize the State Financial Corporations (SFCs), many of which are sick today incapacitating them to carry on their mandated role, if so, details thereof; and
- (b) whether Government will fund jointly with the State Government for revival/restructuring of SFCs, if so, details thereof, if not, reasons therefor?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a) & (b): As informed by Department of Financial Services, as per section 7 of the State Financial Corporations Act, 1951, the State Finance Corporations (SFCs) are allowed to borrow money from Reserve Bank of India, State Government, any financial institution, scheduled bank, insurance company or any other person approved by their Board. Further, credit related matters with respect to lending to SFCs have been deregulated. Banks and other regulated entities are free to take commercial decisions on lending to SFCs, as per their commercial judgement and board approved policies, within the overarching regulatory guidelines and statutory provisions.
