IBOA CONNECT

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IDBI BANK: A BETRAYAL OF PARLIAMENTARY ASSURANCE AND A THREAT TO ITS PUBLIC SECTOR CHARACTER

Dear Comrades,

The Cabinet Committee on Economic Affairs (CCEA) approved the strategic restructuring of IDBI Bank on 14th October 2026, clearing sale of a 60.72% controlling stake to Fairfax Financial Holdings' Canadian Subsidiary , 10955230 Canada Inc., for Rs. 52878.08 crore. This transfers management control from the Government of India and LIC to the strategic buyer.

Established in 1964 under the Industrial Development Bank of India Act as a wholly owned subsidiary of the Reserve Bank of India, IDBI functioned as the apex Development Financial Institution (DFI) of the country. After transfer of ownership to the Government of India in 1976, it played a pioneering role in industrial development.

Several premier institutions were nurtured with IDBI's support, including Securities and Exchange Board of India (SEBI), National Stock Exchange of India (NSE), National Securities Depository Limited (NSDL), Small Industries Development Bank of India (SIDBI), Export-Import Bank of India (EXIM Bank), Stock Holding Corporation of India Limited (SHCIL).

Its transition from IDBI into a banking company i.e., IDBI Bank in 2004 was premised upon solemn parliamentary assurances that Government shareholding would never fall below 51%. This assurance was recorded by the Parliamentary Committee on Government Assurances. The present move to dilute 60.72% equity and transfer management control to M/s.10955230 Canada Inc. (parent entity of Fairfax Financial Holdings Ltd.) amounts to a clear departure from that solemn assurance and undermines parliamentary sanctity.

It would be pertinent to submit that the solemn assurance tendered by the then Hon'ble Finance Minister, Shri Jaswant Singh to Lok Sabha on 08.12.2003 and Rajya Sabha on 15.12.2003 that Government shall at all times maintain not less than 51% equity holding in IDBI as a Banking Company. The above assurance given by the then Hon'ble Finance Minister to the Parliament was taken on the records of the Government Committee on Assurances.

This solemn Assurance formed the very basis for the passage of IDBI (Transfer of Undertaking & Repeal) Bill, 2002 by repealing the IDBI Act of 1964. Thereafter, in terms of the Repeal Act,

IBOA CONNECT – A Decade of Connection, Stepping into the 11th Year.

the undertaking of IDBI was transferred to and vested in IDBI Limited with effect from October 1, 2004.

Government of India confirmed compliance of the same by incorporating in Clause 4 of the Articles of Association of IDBI Ltd. (now renamed IDBI Bank Ltd.) that "the Central Government being a shareholder of the Company, shall at all times maintain not less than fifty one percent of the issued capital of the Company"

Placing reliance on the solemn assurance given by the Hon'ble Finance Minister on 8.12.2003 that Government holding in IDBI Ltd. would always be above 51%, the Reserve Bank of India, vide its letter Re. DBOD/BP/1630/21.04.152./2004-05 dated 15.4.2005, categorized IDBI Ltd. under a New Sub Group: : "Other Public Sector Banks"

Government of India, Department of Financial Services vide its letter Ref.F.No.7/95/2005- BOA dated 31.12.2007 addressed to all Secretaries of Ministries/ Departments of Government of India advised that IDBI Bank be treated on par with Nationalized Bank/State Bank of India for all purposes.

In February 2016, the Finance Minister, in his Budget Speech announced that the process of transformation of IDBI Bank has started and that Government will take it forward and also consider the option of reducing its stake below 50%.

On January 21, 2019, with the Central Government divesting its stake of 51%, LIC of India completed the acquisition of 51% controlling stake with a total investment of Rs.21,624 crores without referring the matter to Loksabha and Rajyasabha for proper discussion and deliberation on reducing the Central Government shareholding below 51%. This is nothing but betrayal to Parliamentary assurance.

On March 14, 2019, Department of Communication of Reserve Bank of India had issued a press release No.2018-2019/2194 mentioning that IDBI Bank Limited has been categorized as a 'Private Sector Bank' for regulatory purposes by Reserve Bank of India with effect from January 21, 2019 consequent upon Life Insurance Corporation of India acquiring 51% of the total paid-up equity share capital of the bank.

Anyone can easily understand that the above recategorisation is intended solely for regulatory purposes, as explicitly stated in the Press Release. It is equally clear that this implies that, for all other purposes, the bank will continue to remain a Public Sector Bank.

Notwithstanding, categorization of IDBI Bank into a "Private Sector bank" for Regulatory

SOLATIUM

Under the IBOA (TN&P) Solatium Scheme, our Association extended financial assistance by handing over cheques for ₹1 lakh each to the spouses of the following comrades who passed away recently, as a token of solidarity and support to their bereaved families.

1. **Ms. Kayalvizhi S., wife of Com. Bhupesh Gupta, who served in the Estate Department, Central Office.**
2. **Ms. Sarah, wife of Com. Xavier Raja L., who served at Siruseri Branch, Kancheepuram Zone.**

Through this gesture, our Association reiterates its unwavering commitment to stand by the families of our departed comrades and extend solidarity, care and support during their difficult times.

purpose by Reserve Bank of India, IDBI Bank retains its Public Sector Bank characteristics for the following undeniable reasons:

a) IDBI Bank is still covered under RTI Act.

b) IDBI Bank is still under the jurisdiction of Central Vigilance Commission.

c) IDBI Bank received huge infusion of capital from the Government even after RBI categorization as private sector bank.

d) As on date, IDBI Bank is adhering to instructions issued by the Department of Official Language, Ministry of Home Affairs, in the matter of implementation of Official Language policy.

e) Reservation Policy in recruitment and promotions for SC/ST/OBC, etc are still being adhered to by IDBI Bank.

f) IDBI handles government banking transactions, including treasury operations and agency functions for schemes like Pradhan Mantri Jan Dhan Yojana or pension disbursements, which are quintessential public duties typically performed by State instrumentalities.

g) Department of Investment and Public Asset Management (DIPAM) functioning under the Ministry of Finance is the nodal agency responsible for managing and coordinating the disinvestment of shares held by the Government of India (GoI). DIPAM has no jurisdiction over sale of any private asset, company or Bank. Since IDBI Bank is in public sector, DIPAM has come in the picture.

The bank has been performing exceptionally well, with strong financial fundamentals. Its key financial parameters, including operating profit, net profit, Provision Coverage Ratio (PCR), Capital Adequacy Ratio (CAR) and Return on Assets (ROA), remain robust.

For the last six consecutive years, IDBI Bank has consistently reported strong operating profits and net profits, demonstrating its sustained financial performance and operational strength.

Financial Year	Operating Profit	Net Profit
2020-21	₹7,091 crore	₹1,359 crore
2021-22	₹7,495 crore	₹2,439 crore
2022-23	₹8,736 crore	₹3,645 crore
2023-24	₹9,592 crore	₹5,634 crore
2024-25	₹11,079 crore	₹7,515 crore
2025-26	₹10,838 crore	₹9,513 crore

Normally, a transfer of ownership and control of a bank may become necessary when the bank faces capital inadequacy or requires external capital support. However, the case of IDBI Bank is entirely different. The bank is adequately capitalised, and its ownership is presently vested with LIC and the Government of India. There is no immediate statutory or financial compulsion necessitating a change in its ownership.

The Government has often resorted to the sale of public sector enterprises to attract foreign capital, particularly during periods of significant foreign capital outflows triggered by various geopolitical developments. If the Government intends to divest LIC's shareholding in IDBI Bank, it could explore the option of merging the bank with another public sector bank, thereby preserving its public sector character.

However, by choosing to sell the bank to a foreign investor, the Government's underlying intent becomes evident. It appears that the Government is no longer interested in managing the bank as a public sector institution and is keen to showcase its approach towards public sector enterprises and banks to foreign investors, with the objective of attracting further foreign capital.

Once the bank comes under the control of a foreign investor, the concerns surrounding the future of ordinary customers, particularly those dependent on affordable and accessible banking services, as well as the working conditions, service conditions of the workforce, cannot be ignored. We have already witnessed what transpired in the cases of erstwhile Lakshmi Vilas Bank (e-LVB) and Catholic Syrian Bank (CSB) following their takeover by foreign investors.

There appears to be no compelling public interest or demonstrable merit in transferring the ownership of IDBI Bank to a foreign investor. On the contrary, serious questions have arisen regarding the valuation and fixation of the sale price, potential conflicts of interest and the very rationale behind a sale that could have been avoided altogether.

In these circumstances, the Government must revisit its decision to sell IDBI Bank to a foreign investor and allow the bank to continue functioning with its public sector character, safeguarding the interests of ordinary customers, employees and the broader public.

With Greetings.

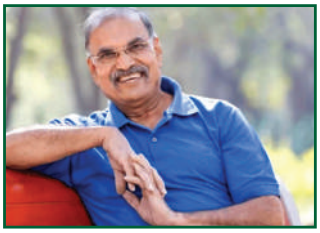
Yours Comradely

R Sekaran
Secretary General

Wedding Bells

Com. G Jai Ganesh, M.A.,
Asst Manager, Indian Bank, Kancheepuram
Married to
Selvi. P. Harshini B.E.,
At
Kancheepuram on 01 11 26

AIIBOA Wishes a Very Happy Married Life to the Newly Wedded Couple.



Retirement



S.No.	NAME	DESIGNATION	BRANCH
1	Com. SOMNATH SINHA	Chief Manager	IC CHANDIGARH
2	Com. SAHADEVAN. T	Chief Manager	SAM LARGE CHENNAI
3	Com. MANOJ KUMAR BAWEJA	Chief Manager	ZO:MUMBAI(WEST)
4	Com. VINOD PD SRIVASTAVA	Officer-In-Charge CC	PATNA MAIN
5	Com. BILLA SINGH KHATANA	Officer - Currency Chest	GREATER KAILASH
6	Com. BIPUL SARKAR	Asst. Branch Manager	KHANAPARA
7	Com. BHASKAR KIRTANIA	Asst. Branch Manager	CHITTARANJAN AVENUE
8	Com. MYTHILI. S	Asst. Manager	SERVICE BRANCH CHENNAI
9	Com. GOUTAM BHOWMIK	Asst. Manager	KALMAPUKURIA
10	Com. VEDANAYAGAM. S	Asst. Manager	MICROSATE TIRUNELVELI
11	Com. MEETA V HAIKERWAL	Asst. Manager	INDIRANAGAR
12	Com. GANESAN. P	Asst. Manager	CHENGAM

AIIBOA Wishes the above Comrades a Very Happy, Healthy and Peaceful Retired Life.