

# State govt mulling to merge RFC with RIICO

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**Jaipur:** The state government is mulling to merge NPA-laden Rajasthan Finance Corporation (RFC) with RIICO, according to sources who attended the last board meeting of the state PSU.

The corporation's gross non-performing assets stood at an unsustainable high of 23.20% by the end of financial year 2018-19 even as it came down from 33% in the previous year and marginal profits in the last two years.

Sources said merging it with RIICO will not bring any strategic gain as both companies have different dedicated mandates. TOI

**The Rajasthan Finance Corporation's gross non-performing assets stood at an unsustainable high of 23.20% by the end of financial year 2018-19 even as it came down from 33% in the previous year and marginal profits in the last two years**

tried to get a confirmation on the transaction from RIICO MD Ashutosh Pednekar and chairman of RFC Niranjana Kumar Arya, but they did not reply.

Another source said a plan to infuse Rs 100 crore by RIICO into

RFC also came up for discussion which was kept out of the minutes of the Board meeting.

In its reports for 2018-19, the Comptroller & Auditor General (CAG) had pointed out that 70% of RFC's Rs 201.48 crore gross NPAs have a remote chance of recovery. In the same report, it had said the employee cost of RFC to total loans was much higher and ranged between 9.58% and 13.71% during 2015-19 as compared to Kerala Financial Corporation's 2.19% and 7.43% and Karnataka State Financial Corporation's 7.61% and 9.10%.

RIICO extends term loans to entrepreneurs who buy its land, but the portfolio is not even 10% of

its total business. The PSU's main focus is on building industrial infrastructure and not lending or financing ventures.

"If the transaction takes place, it will be a burden on RIICO. They are not a good business match given their mandates. So, such a match-making should be avoided," said an official in RIICO.

In fact, recently RIICO has been saddled with the responsibilities of Delhi-Mumbai Industrial Corridor project which has remained a non-starter in the state.

Even after it came into its fold, RIICO has not made much headway in terms of facilitating compensation to the land owners.