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IFCI Seeks Government Approval to Consolidate Group Firms in Strategic Overhaul

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State-run non-banking financial company **IFCI Ltd** has formally sought approval from the central government to consolidate its subsidiaries in a phased manner. The move is part of a broader restructuring aimed at streamlining operations and improving financial performance.

According to officials familiar with the development, IFCI's consolidation strategy involves merging key subsidiaries into the parent company to create a more efficient and unified corporate structure. The plan is set to unfold in two stages. The first phase will focus on merging core businesses such as **IFCI Factors**, **IFCI Infrastructure Development Ltd**, and **Stock Holding Corporation of India**. The second phase may include remaining smaller entities providing advisory and custodial services.

A senior official noted that the proposal was initially granted **in-principle clearance** by the government in 2023. The company is now awaiting final approval to begin the formal integration process. The goal is to **enhance operational efficiency, eliminate redundancy, and strengthen financial stability**.

The consolidation plan aligns with the government's earlier capital infusion of ₹500 crore into IFCI. This financial support is seen as a precursor to the reorganization and is expected to help bolster IFCI's balance sheet during the transition period.

Additionally, IFCI is considering the **divestment of its stake in MPCON Ltd**, a public sector consultancy firm, as part of the realignment. This step would help the company exit non-core areas and focus on its primary lending and infrastructure financing roles.

Industry experts say the move is timely, given the increasing need for public financial institutions to adapt to a more competitive and technology-driven market. "A simplified group structure will likely improve investor confidence, allow faster decision-making, and create opportunities for better capital deployment," said a financial analyst tracking government-owned NBFCs.

The proposed consolidation is expected to begin in late 2025, pending regulatory clearances. If approved, IFCI's restructuring could serve as a model for similar reforms across other public sector financial institutions.