

IDBI Bank is an Indian government-owned financial service company, formerly known as **Industrial Development Bank of India**, headquartered in Mumbai, India. It was established in 1964 by an Act of Parliament to provide credit and other financial facilities for the development of the fledgling Indian industry. Central government is the owner of this bank and employees will be called as Central Govt staffs.

It is currently 10th largest development bank in the world in terms of reach, with 3700 ATMs, 1995 branches, including one overseas branch at Dubai, and 1382 centers. It is one of 21 commercial banks owned by the Government of India.

History

Overview of development banking in India

Development Banking emerged after the Second World War and the Great Depression in 1930s. The demand for reconstruction funds for the affected nations compelled in setting up of national institutions for reconstruction. At the time of Independence in 1947, India had a fairly developed banking system. The adoption of bank dominated financial development strategy was aimed at meeting the sectoral credit needs, particularly of agriculture and industry. Towards this end, the Reserve Bank concentrated on regulating and developing mechanisms for institution building. The commercial banking network was expanded to cater to the requirements of general banking and for meeting the short-term working capital requirements of industry and agriculture. Specialised development financial institutions (DFIs) such as the IDBI, NABARD, NHB and SIDBI, etc., with majority ownership of the Reserve Bank were set up to meet the long-term financing requirements of industry and agriculture.

Formation of Industrial Development Bank of India (IDBI)

The Industrial Development Bank of India (IDBI) was established in 1964 under an Act of Parliament as a wholly owned subsidiary of the Reserve Bank of India. In 1976, the ownership of IDBI was transferred to the Government of India and it was made the principal financial institution for coordinating the activities of institutions engaged in financing, promoting and developing industry in India. IDBI provided financial assistance, both in rupee and foreign currencies, for green-field projects as also for expansion, modernisation and diversification purposes. In the wake of financial sector reforms unveiled by the government since 1992, IDBI also provided indirect financial assistance by way of refinancing of loans extended by State-level financial institutions and banks and by way of rediscounting of bills of exchange arising out of sale of indigenous machinery on deferred payment terms.

After the public issue of IDBI in July 1995, the Government shareholding in the Bank came down from 100% to 75%. IDBI played a pioneering role, particularly in the pre-reform era (1964–91), in catalyzing broad based industrial development in India in keeping with its Government-ordained 'development banking' charter. Some of the institutions built with the support of IDBI are the Securities and Exchange Board of India (SEBI), National Stock Exchange of India (NSE), the National Securities Depository Limited (NSDL), the Stock Holding Corporation of India Limited (SHCIL), the Credit Analysis &

Research Ltd, the Exim Bank (India), the Small Industries Development Bank of India (SIDBI) and the Entrepreneurship Development Institute of India.

Conversion of IDBI into a commercial bank

A committee formed by RBI recommended the development financial institution (IDBI) to diversify its activity and harmonise the role of development financing and banking activities by getting away from the conventional distinction between commercial banking and developmental banking. To keep up with reforms in financial sector, IDBI reshaped its role from a development finance institution to a commercial institution. With the *Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003*, IDBI attained the status of a limited company viz., IDBI Ltd.

Subsequently, in September 2004, the Reserve Bank of India incorporated IDBI as a 'scheduled bank' under the *RBI Act, 1934*. Consequently, IDBI, formally entered the portals of banking business as IDBI Ltd. from 1 October 2004. The commercial banking arm, IDBI BANK, was merged into IDBI in 2005.

Acquisition of United Western Bank

In 2006, IDBI Bank acquired United Western Bank (headquartered at Satara) in a rescue. By acquiring UWB, IDBI Bank more than doubled the number of its branches from 195 to 425.

AWARDS AND RECOGNITIONS

- IDBI Bank was ranked #1197 in the Forbes Global 2000 in May 2013.
- It received the 'Overall Best Bank' and 'Best Public Sector Bank' awards in the Dun & Bradstreet Banking Awards, 2011.
- In 2011, it received Banking Technology awards for best use of Business Intelligence and the best Risk Management from Indian Banks Association.