

India's government is likely to sell a part of its stake in [IDBI Bank](#) Ltd. as early as next month and potential buyers include the country's top insurer, said people familiar with the matter.

Potential investors would include Life Insurance Corporation, the people said, asking not to be identified as the information isn't public. The sale would lower the government's stake to below 50 percent from about 81 percent, they said.

India has been trying since at least two years to sell IDBI Bank, which has the highest bad-loan ratio among state-run lenders in India. India Ratings & Research Pvt., the local unit of Fitch, downgraded [IDBI Bank](#) this month citing a sharp deterioration in asset quality.

Exact details of the potential sale haven't been agreed yet and there's no certainty the talks will lead to a transaction, the people said. ET Now television channel had reported the possible deal earlier Friday.

IDBI Bank's shares rose 2.25 percent as of 1:12 p.m. in Mumbai, set for the biggest gain in two weeks, and paring this year's loss to 1.3 percent. The 10-member Bankex Index was little changed.

MK Jain, who was brought in as chief executive officer of [IDBI Bank](#) last year to tackle the bad-loan problem, was recently named deputy governor of India's central bank. B. Sriram, managing director of State Bank of India, the country's biggest lender, was given additional charge as head of IDBI Bank effective June 21, exchange filings show.

Non-performing assets at IDBI Bank stood at 28 percent as of March 31 while profitability as measured by return on assets dropped to a negative 6.68 percent, filings show.