

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-201
ANSWERED ON- 19/07/2021

NEW BAD BANK

201. SHRIMATI SANGEETA KUMARI SINGH DEO
DR. SUKANTA MAJUMDAR
SHRI BHOLA SINGH
SHRI VINOD KUMAR SONKAR
SHRI RAJVEER SINGH (RAJU BHAIYA)
SHRI RAJA AMARESHWARA NAIK
DR. JAYANTA KUMAR ROY

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government is planning to launch new Bad Bank with all the regulatory approvals in place and if so, the details thereof;
- (b) whether the application to incorporate the National Asset Reconstruction Company Ltd is under process with Registrar of Companies and if so, the details thereof;
- (c) whether the lenders have reviewed more than 100 non-performing assets in the first phase and if so, the details thereof and the Government's reaction thereto; and
- (d) the other steps being taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): The Finance Minister, in her speech on the Budget for the financial year 2021-22, had made the following announcement:

“The high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.”

Indian Banks' Association has apprised with regard to incorporation of the National Asset Reconstruction Company Limited (NARCL) that NARCL has been registered with the Registrar of Companies on 7.7.2021.

The Reserve Bank of India, being the regulator of Asset Reconstruction Companies (ARCs), has already prescribed a regulatory framework for the functioning of ARCs and there are well-laid norms for transfer of stressed assets by banks and non-banking finance companies to ARCs. Identification of non-performing assets by an ARC is an ongoing process.
