

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
LOK SABHA  
UNSTARRED QUESTION NO-76  
ANSWERED ON- 18/07/2022

**BAD BANK ASSETS**

76. SHRI M.V.V. SATYANARAYANA  
SHRI ADALA PRABHAKARA REDDY

Will the Minister of FINANCE be pleased to state:-

- (a) the details of total assets that have been transferred to the Bad Bank setup by the Ministry;
- (b) whether there has been any delay in transfer of such stressed assets;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the details of timeline set by the Ministry for transfer of all such assets?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): National Asset Reconstruction Company Limited (NARCL) has been set up as an asset reconstruction company (ARC) wherein Government of India has approved guarantee of up to Rs 30,600 crore for Security Receipts to be issued by NARCL to Lending Institutions. The board of NARCL is in place and has obtained all requisite approvals including that from Reserve Bank of India (RBI), and has commenced its business.

RBI, being the regulator of 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 and transfer of stressed assets by NARCL is an ongoing process. As per inputs from NARCL, it makes a binding offer to lenders for acquisition of assets, only after the due diligence on the assets is done and concluded by them. Due diligence involves both financial due diligence and legal due diligence, depending on various factors including, *inter alia*, degree of complexity in nature of assets, location of the security (primary and collateral), examination of documents *etc.* Further, post offer by NARCL, lenders also take time for their evaluation process before accepting the offers from NARCL.

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