

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-2592
ANSWERED ON- 21/12/2021

STRUCTURE OF THE BAD BANK

2592. SHRI SUJEET KUMAR

Will the Minister of FINANCE be pleased to state:-

- (a) the details regarding the structure of the Bad Bank;
- (b) how many people would be the members of National Asset Reconstruction Limited (NARCL); and
- (c) the selection criteria and selection process of the members?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): Pursuant to the Finance Minister's Budget speech for the financial year 2021-22, National Asset Reconstruction Company Limited (NARCL) has been set up by banks, and Certificate of Registration for commencement of business of securitisation of asset reconstruction operations has been granted by the Reserve Bank of India on 4.10.2021. NARCL has been set up under the Companies Act, 2013 with minimum 51% shareholding with the public sector banks. NARCL has apprised that its Board structure was finalised by the core committee of the Indian Banks' Association, and the Board of NARCL comprises of one Non-Executive Chairman, one Executive Director (*i.e.* MD&CEO), four Nominee Directors and three other Independent Directors. NARCL has further apprised that two permanent Nominee Directors are to be appointed — one each by the sponsor bank (Canara Bank) and bank with highest asset under management (AUM), whereas the remaining two Nominee Directors are to be selected amongst the shareholder banks on a rotation basis for a period of eighteen months. Independent Directors are to be appointed by the Board of NARCL, and to be selected from individuals who have deep experience/knowledge in the financial services sector.
