

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1591

ANSWERED ON:02.12.2005

ASSETS RECONSTRUCTION COMPANIES

Acharia Shri Basudeb;Chandrappan Shri C.K.;Chinta Mohan Dr. ;Das Gupta Shri Gurudas;Singh Shri Chandra Bhushan;Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has decided to allow Foreign Direct Investment (FDI) upto 49 per cent in Assets Reconstruction Companies (ARCs) set up to buy non-performing assets from banks;
- (b) if so, the details thereof and reasons therefor;
- (c) the number of cases handed over to the above company for disposal by banks and financial institutions;
- (d) the amount of funds involved in these cases;
- (e) the funds to be received by Banks/FIs; and
- (f) the time limit set for disposal of cases ?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) :- Yes, Sir. The Government of India has decided to permit Foreign Direct Investment (FDI) up to 49 per cent in the equity capital of Assets Reconstruction Companies (ARCs) registered with the Reserve Bank of India (RBI).

(c) & (d) :- RBI has so far issued Certificate of Registration to three ARCs viz. Asset Reconstruction Company (India) Limited (Arcil); Asset Care Enterprise Limited, and ASREC (India) Limited. ARCIL is the only company that has commenced its operations.

Arcil has reported that they have acquired financial assets in respect of 374 cases from various banks and financial institutions having total dues amount of Rs. 17204 crore.

(e) :- The funds to be received by banks/FIs would be the amount recovered by Arcil out of recoveries from the NPA borrowers.

(f) :- The timeframe specified for realization of assets by ARCs is five years from the date of acquisition, in terms of RBI guidelines.