

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:177
ANSWERED ON:16.07.2004
AMENDMENT TO SECURITISATION ACT, 2002
Chakraborty Shri Ajay;Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of amount recoverable by banks and financial institutions from corporate defaulters;
- (b) whether the Union Government proposes to amend the Banking Securitisation Act and Debt Recovery Tribunal Act;
- (c) if so, the details thereof including the reasons;
- (d) whether the banks would be given more powers to recover such bad debts;
- (e) if so, the details thereof and
- (f) the extent to which the amendments in the Acts is helping to recover bad debts in a specific period?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (f) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.177 FOR 16th JULY 2004 REGARDING AMENDMENT TO SECURITISATION ACT, 2002 TABLED BY SHRI AJAY CHAKRABORTY AND SHRI UDAY SINGH.

(a): Reserve Bank of India does not maintain the information in the manner asked for. However, the gross NPAs of Public Sector Banks as on 31st March 2004 were Rs.50,148 crores, the gross NPAs of Financial Institutions were Rs. 23,785 crores.

(b) & (c): Yes, Sir. It is proposed to amend the relevant provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) with a view to give a fair deal to borrowers and to ensure that the recovery process is not delayed or hampered. Related amendments to the Recovery of Debts due to Banks and Financial Institutions Act, 1993, (DBFI) if necessary, will also be made.

(d) & (e): Banks have already been given powers under the SARFAESI Act to recover bad loans.

(1) : The reduction in overall percentage of non-performing loans to gross advances from 14% in 1999-2000 to 9.4% in 2002-03 reflects the salutary impact of the SARFAESI Act 2002 and the DBFI Act 1993, and other measures taken in recovering bad debts.