

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4489
ANSWERED ON:20.08.2010
UNAUTHORISED SELLING OF ASSETS TO FOREIGN BANKS
Gowda Shri D.B. Chandre;Jeyadural Shri S. R.

Will the Minister of FINANCE be pleased to state:

- (a) whether some Public Sector Banks (PSBs) have sold assets/ debts to some foreign entities who have not been granted any certificate of registration or license by the Reserve Bank of India (RBI) under the relevant section of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act;
- (b) if so, the details thereof, Bank-wise alongwith the reasons therefor;
- (c) whether such unauthorized purchase by these foreign entities have resulted in losses to the Government due to evasion of stamp duty in such transactions; and
- (d) if so, the details thereof alongwith the corrective steps taken/ being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): In terms of Reserve Bank of India (RBI) guidelines dated 13-07-2005 Banks, Financial Institutions (FIs) and Non-Banking Financial Companies (NBFCs) are allowed to undertake sale/ purchase of Non-performing financial assets. Pursuant to RBI guidelines some of the banks have sold their Non-Performing assets (NPAs) to other banks that have developed expertise in recovery of NPAs, Such sale of assets is outside the purview of provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act In a judgment of the Gujarat High Court the power of the bank to sell the assets to another bank has been held to be not permissible under the provision of Banking Regulation Act, 1949. Thereafter the concerned banks have filed an appeal against the order of the Gujarat High Court and Indian Banks` Association (IBA) has also intervened in the said appeal which is still pending before the Hon`ble Supreme Court

(b) to (d): RBI have advised that no incidence of selling of assets/ debts by any public sector bank to any unregistered foreign entity has been brought to their notice.