

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5832
ANSWERED ON:11.05.2012
ATTACHING PROPERTY OF LOAN DEFAULTERS
Ganpatrao Shri Jadhav Prataprao;Rama Devi Smt.

Will the Minister of FINANCE be pleased to state:

- (a) whether there is any rule under which public sector banks are permitted to attach the property of loan defaulters;
- (b) if so, the details thereof;
- (c) the number of defaulters whose property was attached during the last three years;
- (d) the value of the properties attached by the banks, bank-wise and State -wise; and
- (e) the reasons for not attaching the property of defaulters in some cases?

Answer

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

(a) & (b): Banks, under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and Rules made there under, are empowered to attach the properties of loan defaulters to recover their dues.

(c) to (e): The details about defaulters and value of their properties is not available in the data reporting system of Reserve Bank of India (RBI). In terms of guidelines laid down by the RBI, banks are required to have a loan recovery policy which sets down the manner of recovery of dues, etc. In case a borrower fails to repay the principal and / or interest within the stipulated time frame and the account is classified as non-performing asset as per the RBI guidelines, banks follow procedures to ensure recovery of the outstanding amount which include formal negotiations, restructuring of the payment schedule, calling back of the loan through a legal notice, recovery by recourse to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing suit for recovery, including suits in the Debt Recovery Tribunals (DRTs), Lok Adalats, entering into One Time Settlement (OTS) proposals or compromise settlements, etc.

Banks have also been advised by RBI from time to time, to take effective measures to strengthen the credit appraisal and post-credit monitoring to arrest the incidence of fresh Non-Performing Assets (NPAs) and adopt a more realistic approach to reduce the existing and chronic NPAs in all categories. RBI also monitors the NPA levels in banks on an ongoing basis.