

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4664  
ANSWERED ON:18.12.2009  
ENFORCEMENT OF SECURITY INTEREST BILL  
Kaswan Shri Ram Singh

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

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- (a) the details of provision made in Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Bill, 2002 in relation to serving of notices and recovery of loans;
- (b) whether cases of making default in section 13-a after notice being served under section 13(2) of Banking Laws has come to notice; and
- (c) if so, the details thereof for the last three years and the action taken thereon?

**Answer**

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

(a): - Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) provides for service of notice of 60 days on the borrower for payment of the defaulted loan, failing which the bank shall be entitled to exercise all or any of the rights under sub-section (4) of section 13. Sub-section (3) of section 13 further provides the details in regard to the amount payable by the borrower and the various securities provided by the borrower to be stated in the notice under sub-section (2). By an amendment to the SARFAESI Act in the year 2004 after the Supreme Court declared the SARFAESI Act to be constitutionally valid, a new sub-section (3A) was added to section 13 which requires that when a borrower sends a reply to the notice under section 13(2) issued by the bank making any representation or raising any objection in regard to the notice, the Bank shall consider the same and if the Bank comes to the conclusion that such representation or objection is not acceptable or tenable the Bank should inform the borrower accordingly within 7 days from the date of receipt of reply to the notice.

(b) & (c) : - The data base of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) does not generate the requested information. Further, in case where the banks do not comply with the requirements of sub-section (3A), the borrowers can approach DRT or the High court by filing a writ petition.

The 'RBI Report on the Trend and Progress of Banking in India 2008-09' contains the following statistical data about the notices under SARFAESI Act.:

Non Performing Assets recovered by Scheduled Commercial Banks under SARFAESI Act.

(amount in Rs. Crores)

Recovery		2006-2007		2007-2008		2008-2009			
Channel	No. of cases	Amount Invo- Refe- rred	Amount Reco- lved	No. of cases	Amount Invo- Refe- rred	Amount Reco- lved	No. of cases	Amount Invo- Refe- rred	Amount Reco- lved
1	2	3	4	5	6	7	8	9	10

SARFAESI Act	60,178	9,058	3,749	83,942	7,263	4,429	61,760	12,067	3,982
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# Number of Notices issued.