

Title: Need to amend Securitisation Act, 2002 providing for relief and exemption to the Rubber Plantation sector from attachment of collateral in the event of non-payment of farm loan.-laid.

SHRI JOSE K. MANI (KOTTAYAM): I have come across a recent report of the Reserve Bank of India taking exception to non-provisioning of bad debts extended to agriculture sector thereby flouting the regulations of the Central Bank. This should act as a wake-up call for all lending institutions serving the farmer community who have under the garb of the provisions of the Securitization Act, is denying the process of natural justice to the borrowers from the farming community. The Securitization Act, 2002 vests powers with banking institutions lending to the agricultural sector to liquidate bad debts through the process of attachment of collateral by merely serving a notice. However, the above said provision does not apply to loans extended to the farming sector. Despite such immunity granted to the farming sector from the process of attachment of collateral under the Act, many banks lending to the agricultural sector are blatantly resorting to the provisions of the Act equating agricultural loans with commercial loans. Most of the victims of this discriminatory practice by banks belong to the Rubber plantation sector which has not been expressly identified as a beneficiary at par with the general farming community as mentioned in the Act. It is, therefore, necessary to provide the same measure of relief and exemption to the Rubber plantation sector also by amending the relevant provisions of the Act.

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