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Now, Debt Recovery Tribunals will work six days a week

Surabhi

To speedily resolve cases relating tobad loans

New Delhi, April 24:

In a multi-pronged effort for faster resolution of cases relating to bad loans, the Finance Ministry has increased the number of working days of the Debt Recovery Tribunals. “Debt Recovery Tribunals (DRT) will now work for six days a week. Only the second Saturday of each month will be a holiday for them, apart from Sundays,” said a senior Finance Ministry Official.

The Finance Ministry also plans to set up more tribunals once the Insolvency and Bankruptcy Code is passed by Parliament.

“We want to make them more efficient and strengthen them in order to ensure faster recovery and resolution of bad loans,” said the official, adding that amendments to the related Recovery of Debts Due to Banks and Financial Institutions (RDDBFI) Act, 1993 are also being drafted for this.

Additionally, amendments to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act are also being finalised.

“We hope to introduce them in Parliament session that starts on Monday,” said a second official, adding that the objective is to give more power to creditors as well as expedite the process for recovery of bad assets.

The move comes as the Reserve Bank of India and the Finance Ministry try to clean up the balance sheets of banks, especially public sector banks, and work out a strategy to recover bad loans.

Gross non- performing assets of public sector banks had risen to Rs. 3.61 lakh crore in December 2015 from Rs. 2.67 lakh crore in March last year.

The Finance Ministry is keen that banks should begin lending once again after the problem of NPAs is resolved. “Business confidence has to be restored and they have to become more responsible ,” said the official.

Spelling out a number of measures for resolving cases related to bad loans, Finance Minister Arun Jaitley had in the Union Budge 2016-17 announced amendments to the SARFAESI Act, 2002 as well as measures to strengthen the DRTs. He had also proposed a comprehensive Code on Resolution of Financial Firms for specialised resolution mechanism to deal with bankruptcy situations in banks, insurance companies and financial sector entities.

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