

Debt recovery law will boost investment: JPC chief

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Bhupendra Yadav

New Delhi, July 22:

Bhupendra Yadav, Chairman of the Joint Committee of Parliament on the debt recovery Bill, said the legislation, if passed in both the Houses, will boost “ease of doing business”.

Talking to *BusinessLine* here on Friday after tabling the report of the panel in Parliament, Yadav said the recommendations will help in simplification of investment and taxation procedures and will ensure security of the money invested in the country.

“Both the Recovery Bill and the Insolvency and Bankruptcy Code will boost the investment scenario in the country. It will also expedite the recovery of non-performing assets,” said Yadav, who chaired panels on both the Bills. The Debt Recovery Bill was sent to the same panel that considered the Insolvency and Bankruptcy Code.

Yadav said there are 70,000 cases worth Rs. 5 lakh crore pending in various Debt Redressal Tribunals, and added that the panel had recommended 21 major amendments and 36 minor amendments to the Bill.

“The amended Bill is now the property of the House. It is up to the Cabinet to take a decision on the amendments. We hope that the Centre will take a decision soon and get this Bill passed in the ongoing Monsoon Session,” he added.

He maintained that the provisions will ensure harmonisation of four Acts — Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), Recovery of Debts due to Banks and Financial Institutions Act, 1993 (RDDBFI), Indian Stamp Act, 1899, and the Depositories Act, 1996 — with the Insolvency and Bankruptcy Code.

Strengthening DRTs

Yadav claimed the new provisions will remove procedural difficulties in finding chairpersons for various Debt Recovery Tribunals (DRT).

“We have also limited the adjournments in DRTs. There are just six DRTs, but it was difficult to find chairpersons for them,” he said.

Some members of the panel had suggested that it should define what agricultural land is, he said. “Land is a State subject. It is up to States to define agricultural land. So, we did not want to make such a suggestion in our report,” he said.

Though the SARFAESI Act does not deal with bank loans on agricultural land, apparently some cases have been brought before the panel in which the Securitisation Act was used on loans that were taken after pledging agricultural land and that later turned into bad loans (non-performing assets).

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