

## Finance ministry eyes recovery of bad loans by public sector banks in Q2

Now, PSBs have been advised to join hands with the Indian Banks' Association (IBA), steering an initiative to redesign the PSB e-auction websites

Indivjal Dhasmana | New Delhi September 12, 2018 Last Updated at 05:31 IST

The department of financial services (DFS) expects “good” recovery of bad loans by the public sector banks (PSBs) in the second quarter of the current financial year. It said the department had made efforts to de-clog debt recovery tribunals, put them on e-mode, auction properties by banks online, and coordinate with states to fast track resolution of cases, which would help in the recovery.

“... expecting good recovery in the second quarter,” financial services secretary Rajiv Kumar told reporters.

He said promoters were willing to pay up outside the National Company Law Tribunal (NCLT) process.

“It’s pay-up time for the defaulters,” he said. State-run banks made a total recovery of Rs 365.51 billion in the first quarter of 2018-19, nearly half of which was recovered in 2017-18.

Kumar said PSBs would launch an e-auction bazaar for defaulting properties. “A common landing platform is on the anvil,” he said. Details



of auctionable properties across banks are standardised, he said.

## PLANNING IT BIG

- PSBs would launch an e-auction bazaar for defaulting properties
- They have been advised to join hands with the Indian Banks' Association, steering an initiative to redesign the PSB e-auction websites
- Finance Secretary said his department had raised the threshold for filing cases in the debt recovery tribunals from ₹1 million to ₹2 million. This would de-clutter DRTs and help them focus on high-value matters
- The finance department has adopted a targeted approach to make debt recovery laws and processes more effective

"Auctioning of properties is a core activity of banks to ensure recoveries. However, in the absence of modern techniques, positive results accruing from these actions were limited and potential buyers were not fully informed of all details such as those available for e-auction of market place," the secretary said.

Now, PSBs have been advised to join hands with the Indian Banks' Association (IBA), steering an initiative to redesign the PSB e-auction websites.

The government, Kumar said, had made a list of states where a large number of cases were pending under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act, and had instructed all district magistrates to clear pending cases in 60 days.

He said 10,000 cases of PSBs were pending under the Act, with a stuck-up value of Rs 400 billion.

Kumar stressed that his department had taken various steps to push for fast-track recovery, including raising of the threshold for filing cases in the debt recovery tribunals (DRTs) from Rs 1 million to Rs 2 million. This would de-clutter DRTs and help them focus on high-value matters.

Also, all DRTs are being put on the e-DRT module and are going to start functioning by the end of this financial year, Kumar said. The department has adopted a targeted approach to make debt recovery laws and processes more effective so as to increase recovery of public money from defaulting borrowers.

“The e-DRT software, for which there has been a successful pilot run, has features similar to e-court software, which includes e-filing, e-payment of fees, uploading of orders, viewing cases status, cause list generation, etc," Kumar said.