

Cabinet clears bill for speedy recovery of bad loans

Cabinet approved a bill seeking to amend the debt recovery laws with an overall objective of improving the ease of doing business.

"Cabinet approves ex-facto 'The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions Bill, 2016,' an official statement said.

The bill aims to improve ease of doing business, facilitate investment leading to higher economic growth and development, it added.

Briefing media after the Cabinet meeting, Telecom Minister Ravi Shankar Prasad said the bill will help in faster recovery of bad loans.

Introduced in Lok Sabha last month, the bill seeks to amend four legislations -- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, the Recovery of Debts due to Banks and Financial Institutions Act, 1993, the Indian Stamp Act, 1899 and the Depositories Act, 1996.

A Parliamentary Joint Committee has invited views and suggestions from various stakeholders and public on the provisions of the Bill by June 22.

The government has come up with this legislation at a time when there is mounting concerns over loan recovery in view of stressed assets to the tune of over Rs 8 lakh crore in the banking system.

The legislation proposes to give RBI powers to regulate asset reconstruction companies, prioritise secured creditors in repayment of debts and provide stamp duty exemption on loans assigned by banks and financial institutions to asset reconstruction firms.

Around 70,000 cases are pending in Debt Recovery Tribunals (DRT) and the proposed amendments would facilitate expeditious disposal of recovery applications.

(Economic Times)