

Bill No. 28 of 2019

THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL
ASSETS AND ENFORCEMENT OF SECURITY INTEREST
(AMENDMENT) BILL, 2019

By

SHRI N.K. PREMACHANDRAN, M.P.

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BILL

*further to amend the Securitisation and Reconstruction of Financial Assets and
Enforcement of Security Interest Act, 2002.*

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

1. (1) This Act may be called The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Amendment) Act, 2019.

Short title
and
commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Amendment
of section 31.

2. In section 31 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002,—

54 of 2002.

(a) in clause (h), for the words "one lakh", the words "ten lakh" shall be substituted; and

(b) after clause (j), the following clauses shall be inserted, namely:—

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"(k) any security interest for securing repayment of any financial assistance for educational purpose;

(l) any security interest created for financial assistance not exceeding twenty lakhs rupees for agricultural purpose;

(m) any security interest for securing repayment of any financial assistance not exceeding twenty lakhs rupees for self employment.

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(n) any case in which the right or ownership or possession of any security interest created for securing repayment of any financial assistance not exceeding fifteen lakhs rupees is vested with senior citizens, widows and differently-abled persons with more than sixty per cent. disabilities;

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(o) any case in which the right or ownership or possession of any security interest created for securing repayment of any financial assistance is vested with the persons undergoing treatment for cancer, Acquired Immuno Deficiency Syndrome (AIDS) and organ transplantation; and

(p) any security interest created in land with residential building not exceeding an extent of five per cent. in cities, ten per cent. in towns and fifteen per cent in Panchayat for financial assistance not exceeding fifteen lakhs rupees."

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STATEMENT OF OBJECTS AND REASONS

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 is a legislation that provides for speed up the recovery of defaulting loans and mounting levels of non-performing assets of banks and financial institutions.

For the implementation of the provisions of this Act, the banks and financial institutions seek the support of private agencies. The private agencies are implementing unethical and illegal means for recovery of the debts. These unethical methods are adopted for the recovery of money from the weaker sections of the society.

The interventions and interference of private agencies and implementation of provisions of this Act through unethical and illegal means creating unrest in the society particularly among the weaker sections. The weaker sections of the society become homeless due to the implementation of the provisions of this Act. The students, parents, farmers, senior citizens, differently abled persons, persons with small holdings and such other weaker sections in the society are suffering due to the implementation of the provisions of this Act so as to protect the welfare of the weaker section of the society exemption from application of provisions of this Act is necessitated. In view of the above it is considered necessary to amend the existing law.

Hence this Bill.

NEW DELHI;
June 3, 2019.

N.K. PREMACHANDRAN

ANNEXURE

EXTRACT FROM THE SECURITIZATION AND RECONSTRUCTION OF FINANCIAL ASSETS
AND ENFORCEMENT OF SECURITY
INTEREST ACT, 2002
(54 of 2002)

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Chapter VI

MISCELLANEOUS

31. The provisions of this Act shall not apply to—

Provisions of
this Act not to
apply in
certain cases.

(a) a lien on any goods, money or security given by or under the Indian Contract Act, 1872 (9 of 1872) or the Sale of Goods Act, 1930 (3 of 1930) or any other law for the time being in force;

(b) a pledge of movables within the meaning of section 172 of the Indian Contract Act, 1872 (9 of 1872);

(c) creation of any security in any aircraft as defined in clause (1) of section 2 of the Aircraft Act, 1934 (24 of 1934);

(d) creation of security interest in any vessel as defined in clause (55) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958);

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(f) any rights of unpaid seller under section 47 of the Sale of Goods Act, 1930 (3 of 1930);

(g) any properties not liable to attachment (excluding the properties specifically charged with the debt recoverable under this Act) or sale under the first proviso to sub-section (1) of section 60 of the Code of Civil Procedure, 1908 (5 of 1908);

(h) any security interest for securing repayment of any financial asset not exceeding one lakh rupees;

(i) any security interest created in agricultural land;

(j) any case in which the amount due is less than twenty per cent. of the principal amount and interest thereon.

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BILL

further to amend the Securitisation and Reconstruction of Financial Assets and
Enforcement of Security Interest Act, 2002.

(Shri N.K. Premachandran, M.P.)