

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
**UNSTARRED QUESTION NO. 3556**

TO BE ANSWERED ON THE 15<sup>TH</sup> JULY, 2019 / 24 Ashadha, 1941 (SAKA)

RECOVERY under SARFAESI Act

3556. M K Raghavan

**QUESTION**

Will the Minister of FINANCE be pleased to state:

- (a) Whether it has come to the knowledge of the Government that the Banks and Financial Institutions are misusing the recovery proceedings under SARFAESI Act, whereby absurdly low price is fixed for the property of the borrowers;
- (b) if so, whether the Government has thought of preventing this misuse by incorporating a provision by which the land value can be assessed by the concerned local Tehsildars or the Village Officers, if so, the details thereof;
- (c) whether the Government has also taken note of the fact that the Banks and Financial Institutions are taking a liberal approach towards the big loans where as drastic recovery proceedings are initiated against loans availed by the ordinary middle class people;
- (d) if so, whether the Government has taken note of the Anti Sarfaesi movement garnering momentum in the country, if so, the details thereof; and
- (e) the corrective **measures taken/ proposed to be taken by the Government to address these issues affecting the common people of the country?**

**ANSWER**

**The Minister of State in the Ministry of Finance  
(Shri Anurag Singh Thakur)**

(a) and (b ) The Central Government administers the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) which allows banks and financial institutions to recover their dues exceeding one lakh rupees by proceeding against secured assets of the borrower/guarantor without the intervention of the court/tribunals. The Government is not involved in commercial decisions or recovery proceedings of banks or financial institutions. As such, to address any concerns about property valuation, there are adequate provisions under Rule 8 (5) of the Security

Interest (Enforcement) Rules, 2002 under the SARFAESI Act, that cast a duty on the Authorised Officer of the secured creditor (bank or financial institution) to obtain the valuation of the property from an approved valuer (as defined in the Rules) and, in consultation with the secured creditor, fix the reserve price of the property before putting the property on sale. Any aggrieved debtor/borrower has recourse to filing appeal in the Debts Recovery Tribunal (DRT) against action under the SARFAESI Act and further recourse to appeal against the DRT's decision is available in the Debts Recovery Appellate Tribunal.

(c) The SARFAESI Act does not differentiate between debtors/borrowers on any basis, including the financial status or debt value.

(d) Does not arise, in view of (c) above.

(e) Substantive amendments were made in the SARFAESI Act on 14.8.2016 through the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016, in consultation with stakeholders. At present there is no proposal to amend the SARFAESI Act or the Rules framed thereunder.

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