GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**STARRED QUESTION NO. *106**

ANSWERED ON MONDAY, JULY 27, 2026/SHRAVANA 5, 1948 (SAKA)

**Impact of SARFAESI Proceedings**

*106. SHRI SHREYAS M PATEL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received representations from coffee growers, farmers' associations, or the Government of Karnataka seeking exclusion of coffee plantations from proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, if so, the details thereof;

(b) whether the Government has examined the impact of SARFAESI proceedings on small and marginal coffee growers facing financial distress due to fluctuating coffee prices, crop losses, climate change, pest and disease incidence, and rising input costs, if so, the details thereof;

(c) whether the Government proposes to amend the SARFAESI Act, 2002 or issue appropriate guidelines to provide protection or special safeguards for coffee plantations owned by small and marginal farmers, if so, the details thereof;

(d) whether the Government proposes to establish a restructuring, one-time settlement, or debt relief mechanism for financially distressed coffee growers before initiating recovery proceedings under the SARFAESI Act; and

(e) If so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF FINANCE
(SMT.NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

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**STATEMENT FOR LOK SABHA STARRED QUESTION NO.*106 FOR JULY 27, 2026, REGARDING "IMPACT OF SARFAESI PROCEEDINGS" BY SHRI SHREYAS M PATEL, HON'BLE MEMBER OF PARLIAMENT**

(a) to (c**)** Representations have been received by the Government, seeking exclusion of coffee plantations from proceedings under the SARFAESI Act. The representations were examined in consultation with Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD).

The issue pertains to inclusion of coffee plantations under the purview of Section 31(i) of the SARFAESI Act, which provides that the provisions of the Act shall not apply to any security interest created in agricultural land. While the SARFAESI Act has given exemption in respect of agricultural land vide the above proviso, the Act does not define what constitutes an 'agricultural land' as the definition of agricultural land is determined by the concerned State Government through their revenue laws.

The issue of applicability of provisions of SARFAESI Act on coffee plantation was also raised before the Hon'ble High Court of Karnataka by filing Writ Petitions. The Division Bench of Hon'ble Karnataka High Court vide a common judgment dated 29.1.2021, has ruled that the SARFAESI Act is applicable on the land on which coffee plantation crops are grown since the Karnataka Land Reforms Act, 1961 does not include coffee plantations under the definition of agriculture.

The Judgment of the Hon'ble High Court dated 29.1.2021 has been challenged before the Hon'ble Supreme Court vide SLP No.7909 of 2021 and the matter is sub judice before the Hon'ble Supreme Court.

(d) & (e) Credit related matters of financial institutions are largely deregulated and the same are governed by the Board approved loan policies of the lenders framed under the ambit of relevant regulatory and statutory requirements. Further, the Reserve Bank has issued Prudential Framework for Resolution of Stressed Assets dated June 07, 2019 (which has been subsequently included under the consolidated Resolution of Stressed Assets Directions issued on November 28, 2025), as a steady state, principle-based framework which enables lending institutions to restructure loan accounts, based on their assessment of viability and other aspects. The framework provides sufficient flexibility to lenders to design and implement a resolution plan, tailor made to resolve the stress of a specific borrower, which would enable lenders to assess the impact of the highlighted issues for each of the borrower and design and implement a plan, which would alleviate stress in such borrower accounts. Further, the consolidated Resolution of Stressed Assets Directions also contain provisions on Compromise Settlements, which allows lender to undertake settlement with borrowers based on their commercial wisdom and recovery considerations.

Further, in order to address the concerns regarding enforcement action under SARFAESI Act by any secured creditor, adequate provision has been made under Section 17 of the SARFAESI Act, wherein any person (including borrower) aggrieved, has recourse to filing of Securitisation Application (SA) in the Debts Recovery Tribunal (DRT) against the action of secured creditor under the SARFAESI Act.

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