

Debt Recovery Tribunal

The Central Government may establish one or more Tribunals, to be known as the Debts Recovery Tribunal, to exercise the jurisdiction, powers and authority conferred on such Tribunal by or under the **Recovery of Debts due to Banks and Financial Institutions Act, 1993**.

Historical Background

- Banks and financial institutions have been experiencing considerable difficulties in recovering loans and enforcement of securities charged with them.
- The Committee on the Financial System has considered the setting up of the Special Tribunals with special powers for adjudication of such matters and speedy recovery, as it is critical to the successful implementation of the financial sector reforms.
- In **1981** a committee had examined the legal and other difficulties, faced by banks and financial institutions and suggested remedial measures including changes in the law.
- Keeping in view the recommendations of the above Committees, **the Recovery of Debts due to Bank and Financial Institutions Bill, 1993** was introduced in the Parliament.
- The Bill seeks to provide for the establishment of Tribunal and Appellate Tribunals for expeditious adjudication and recovery of debts due to banks and financial institutions.
- The Bill has been passed by both the Houses of Parliament, received the assent of the President on 27th August 1993.

Debts Recovery Tribunal - Important Features

- The Central Government shall establish such number of Debt Recovery Appellate Tribunals to exercise jurisdiction, powers and authority to entertain an appeal against the order made by the Adjudicating Authority under Insolvency and Bankruptcy Code, 2016.
- The Central Government shall establish one or more Appellate Tribunals, to be known as the **Debts Recovery Appellate Tribunal**, to exercise the jurisdiction, powers and authority conferred on such Tribunal by or under this Act.
- **Composition of Tribunal** - A Tribunal shall consist of one person only, referred as the Presiding Officer, to be appointed by the Central Government.
- **Qualifications of Presiding Officer** - A person shall not be qualified for appointment as the Presiding Officer of a Tribunal unless he is, or has been, or is qualified to be, a District Judge.

- **Term of Office** - The Presiding Officer of a Tribunal shall hold office for a term of **five years** from the date on which he enters upon his office and shall be **eligible for reappointment**.
- **Staff of Tribunal** -
 - The Central Government shall provide the Tribunal with one or more **Recovery Officers** and such other officers and employees as that Government may think fit.
 - The Recovery Officers and other officers and employees of a Tribunal shall discharge their functions under the general superintendence of the Presiding Officer.
- **Removal** -
 - The Presiding Officer of a Tribunal or the Chairperson of an Appellate Tribunal] shall not be removed from his office except by an order made by the Central Government on the ground of proved misbehaviour or incapacity after inquiry.
- **Jurisdiction of Debts Recovery Tribunal** - It has jurisdiction, powers and authority to entertain and decide applications from the banks and financial institutions for recovery of debts due to such banks and financial institutions.

Modes of recovery of debts

The Recovery Officer shall proceed to recover the amount of debt by one or more of the following modes, namely:

- Attachment and sale of the movable or immovable property of the defendant.
- The arrest of the defendant and his detention in prison.
- Appointing a receiver for the management of the movable or immovable properties of Defendant.
- Any other mode of recovery as may be prescribed by the Central Government.

Concerns

- Some of the reasons for ill working of DRTs are as follows:
 - Lack of judicial training for recovery officers as they are officers appointed by the Government of India for assisting the presiding officers.
 - Inconsistent procedures followed by different DRTs.
 - Significant delay in proceedings, as the recommended time is six months, whereas proceedings actually last for two years or more.
- The functioning of DRTs needs to improve to ensure banks are able to recover their existing loans and so that they can offer fresh advances at cheaper rates.

FAQ about Debts Recovery Tribunal

What does the term 'bank' refer to?

According to the Recovery of Debts Act, 1993, a bank can be a banking company, a corresponding new bank, State Bank of India, a subsidiary bank or a Regional Rural Bank.

What is the seal and emblem of the Debts Recovery Tribunal?

The official seal and emblem of the Tribunal shall be such as the Central Government may specify.

What is the language of the Tribunal?

The proceedings of the Tribunal shall be conducted in English or Hindi. No reference, application, representation, documents or other matter contained in any language other than English or Hindi shall be accepted by the Tribunal unless the same is accompanied by the true translation thereof in English or Hindi.