



DEBT RECOVERY TRIBUNAL

Why in news?

Amid the COVID-19 lockdown, the Debt Recovery Tribunal I (DRT 1), Incharge of DRT II (DRT 2), Chennai, has decided on a 23-year-old case and tendered the judgment by holding a virtual court via video conferencing, which is one-of-its-kind in the entire South India for a DRT.

What are Debt Recovery Tribunals (DRTs)?

- Debt Recovery Tribunals (DRTs) are **tribunals that effectively facilitate the loaned money recovery which involves banks and financial institutions from their customers.**
- The primary goal and function of DRT is the recovery of loaned money from borrowers which is owed to banks and financial institutions from customers.
- The **Recovery of Debts due to Banks and Financial Institutions Act (RDBBFI), 1993** – lead to the establishment of DRTs.
- The power of the tribunal is restricted to settling down the cases concerning the recovery of the due amount from non-performing assets as affirmed by the banks as per the RBI guidelines.
- DRT is presided over by a presiding officer who is appointed by the central govt. and who shall be qualified to be a District Judge.
- The Presiding officer of DST has a tenure of 5 years or the age of 65, whichever is earlier.
- Only under articles 226 and 227 of the Constitution – The Supreme Courts and High Courts have jurisdiction over this matter. No other courts have jurisdiction over this matter.
- Appeals against orders passed by DRTs lie before Debts Recovery Appellate Tribunal (DRAT).

Why were DRTs Needed?

- Banks and financial institutions were facing a very strange problem of recovering loans which they have given to any individual or business organizations.



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- Because of this reason, the banks and financial institutions has been restraining themselves from giving out any loans.
 - This situation called for an effective system to recover the loaned money from the borrowers.
 - This concern gave rise to the establishment of Debt Recovery Tribunals (DRTs) following the passing of the Recovery of Debts due to Banks and Financial Institutions Act (RDDBFI), 1993.

Functions of DRT

- DRT enforces provisions of the RDDBFI Act, 1993.
- It also enforces the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interests (SARFAESI) Act, 2002.

Powers of DRT

- The Tribunal has the powers bestowed with the District Court.
- DRTs are fully **empowered to pass comprehensive orders and can travel beyond the Civil procedure Code to render complete justice.**
- DRTs can NOT hear claims of damages or deficiency of services or breach of contract or criminal negligence on the part of the lenders.
- DRTs can NOT express an opinion beyond its domain, or the list pending before it.
- DRTs can appoint Receivers, Commissioners, pass ex-parte orders, ad-interim orders, interim orders.
- DRTs can review their own decisions and hear appeals against orders passed by the Recovery Officers of the Tribunal.
- DRT can hear cross suits, counter claims and allow set offs.

Concerns / Issues with DRTs:

- The number of DRTs is not sufficient given the increasing number of cases.
- The time taken by DRTs in settling cases is too long.
- DRTs are not able to handle cases related to large borrowers.
- At times, the timely appointment of officials for DRT have not been made.