

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:790
ANSWERED ON:21.02.2003
SEIZURE OF ASSETS OF DEFAULTERS
GUNIPATI RAMAIAH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether recently the Supreme Court has given its verdict saying that the lenders can now seize the assets of the bank loan defaulters but cannot sell them;
- (b) if so, the details thereof;
- (c) whether the verdict dilutes the interim gaining power of banks; and
- (d) if so, the steps the Government propose to take in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) to (c) In a writ petition filed by M/s Amulet International Pvt. Ltd. challenging the constitutional validity of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Second) Ordinance, 2002 (now repealed by Act), the Supreme Court has passed an interim order that it would be open to the secured creditors to proceed against the borrowers under sub clauses (2) & (4) of Clause 13 of the said Ordinance. However, they shall not part with the assets of the borrower by way of lease, assignment or sale. However, secured creditors still have the option to exercise their rights through other provisions of the Ordinance.
- (d) Matter is subjudice. Necessary legal steps are being taken.