

Critical Article On Npa File

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Abstract

The Banking segment in our economy is facing very difficult situation, to control and prevent the dangers trend of NPA to produce the TWINKLE PROFIT AND LOSS ACCOUNT, STABLE AND STRONG BALANCE SHEET, is daunting task to every bank and Central Bank of our economy in all respects. For this the Government established the Debt recovery Tribunals, with the support of SARFAESI – Act, being the super FAST, FORMULA TO RECOVER THE NPA, in the Banking segment, the object of this research article is to discover the IMPACT of DELAY IN AWARDING THE ORDERS BY THE DEBT RECOVERY TRIBUNALS, and to suggest sustainable solutions to problems faced by the NPA loan account holder, Bankers, to protect the interest of all concerned, for the sake of study purpose the empirical study conducted and all necessary information collected, discussed with the related NPA loan account holders, both side Advocates, VISITED the DRT tribunal in South India for five years and observed the deliberation in the DRT itself. It is evident from the study for the delay of awarding orders to the NPA loan account, at 14% interest for 90 days or 3 months for the out standing loan amount is Rs. 5,00,00,000/00. is Rs. 19,72,603/00. For the infrastructure problem, like the shortage of DRT/ Drat/ Manpower/ Presenting officer / Chairperson cannot be acceptable / valid reason to result in additional interest and other expenditure burden to the NON-PERSONANCE LOAN ACCOUNT HOLDER, in terms of NATURAL JUSTICE. The Government, the Bank Board corporate office, the central Bank and others has to Balance the Public money and public policy protected, without any pain or sufferings to NPA LOAN ACCOUNT HOLDER.

Keywords : *DRT Order, Natural Justice, Detrimental, Due – Diligence, Sarfaest – Act, Monitory Burdon, Memo, Drat, High Court.*

Introduction

The major business of Banking organisation is, to accept the deposit, in the name of various kind of deposits, followed by lending and recovery is the natural process, in our economy the Reserve Bank of India is the supreme controlling and monitoring organisation in all respects, related to accepting deposits, lending and recovery process in all respects. The Board of directors, Administration and banking operation team will work round the clock to design the, Twinkle Profit Loss Account and strong and stable Balance sheet, to protect the interest of stake holders, customers in all respects. Unless every loan account is viable, the Branch—is not viable and unless every Branch is viable the Bank is not viable is known fact in all directions. In the process of Banking operations, if the amount is not received, the required EMI, Interest and other expenditure with 180 days it is called as TAGED AS NON-PERFORMANCE LOAN ACCOUNT. Since the overdue amount is mounting in all banks, by loan account holders, and it has reached very dangerous trend besides the customers and stake holders are put in to delicate position, matter in relation to liquidity position the Bank. The Government has provided a special tool, as a fast track loan recovery, under the provisions of THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT 2002,

supported by further amendments. With establishment of DEBTS RECOVERY TRIBUNALS IN OUR ECONOMY.

As per the observation of Banks SECURED OFFICER and Law depart- approval the said NPA LOAN ACCOUNT, is enforced by the legal measure under the SARFAESI – ACT, for the outstanding of the loan amount, with due process of Act and law, the Bank will appoint advocate to represent the Bank side in the related DRT in the designated state of operation. Correspondingly the NPA loan account holder also appoints the advocate to defend the case at DRT. In the process of deliberations, in the DRT, the JUDGE / PRESENTING OFFICER, after giving the opportunity for both side advocates PRESENTATION AND ARGUMENTS, the highly respected JUDGE / PRESENTING OFFICER will post for ORDERS or RESERVE FOR ORDERS, but the proable date will not be disclosed, that will range from 15 days to 90 days, in some case it will take still more days also. At this position both side ADVOCATES, Bank, NPA account holder, secured officer role is totally completed in all respects. It is very important to observe that, the Bank, Council on records, NPA account holder have NO RIGHT TO QUESTION REASON FOR DEALY TO PROVIDE THE ORDERS FOR THE RELATED CASE. This is exactly scissors cut knowledge operation is required, in terms of higher elevated research study required about the IMPACT on Bank, NPA account holder, Government and policy makers.

The Review of the Literature

In this segment, very important and burning problem of NPA has been delt in the critical vision by various Institutions and research organisations in over economy during the National and international conference, supported by the vital suggesions, but the empirical research is developed, based on the observation, discussion, deliberations in the DRT, DRAT and COURT open house/court proceedings is the new research model to the best of my knowledge and information. So this is FOCUS CHANGE VIGILENCE ANGLE research article, in all directions.

The Objective of the Study

This specific objective of this empirical study is to offer the NEGATIVE IMPACT of delay in AWARDING DRDERS by the DRT, DRAT and COURT, on NPA loan account holder. The said Bank, and on Government Exchequer and Economy. And to offer sustainable solutions for the same.

The Study Period

For the sale of study purpose, it is related to the year 2016 to 2021. Physically participated in the Tribunal in south India (Karnataka)

The Data and Information

The required Date and Information collected by, OBSERVATION, Proceedings in the DRT, DRAT and Related High Court, besides Discussion with the both side Advocates, Bank Secured officer and with the practical NPA LOAN ACCOUNT HOLDER, recovery agents Senior Advocates, their junior advocates, it is sufficient the date and information what collected, discussed and observed files and records is sufficient for the study purpose.

The Limitation

In this critical vision and observation findings and suggestion is holds to specific case study only, by and lorge the burning of NPA is MERCHANTICAL INFECTION is visible in the every Bank, with different range and volume, accordingly suggestion offered is holds good for other Bank too.

Scope for Further Critical Study

In order to prevent and control the NPA infection which is merchantial in nature, this require and scope for deeper elevated research with vigilance angle of vigilance and impact on STABLE AND STRONG BALANCE SHEET of each Bank to protect the interest of the STAKE HOLDERS and ECONOMY, so that the proable scope for ECONOMY SLOWDOWN can be prevented.

With the background of above facts, mertí powered by incontrovertible first hand knowledge supported by the secondary data and information, the critical impact and side effect of delay resulting additional financial burdon to NPA Account holder is depected the ENCLOSED TABLE -1 – XYZ Bank with ranging from 15 days to 120 days, with projecting the related amount suffered also. The amount being one crore to five crore respectfully, for a loan outstanding amount.

Implication of Data and Information Critical Study

Negative Impact on NPA Loan Account Holder:

Following are the, critical EFFECT AND IMPACT which is resulting huge financial additional burdon :-

1. The Bank will charge the INTEREST for this period also.
2. The SECURITY CARGE WILL BE COLLECTED FOR THE SAME PERIOS.
3. The Bank will not cover the INSURANCE for the property offered as security.
4. The value and worth of property is subject to VERY HIGH DEPRICIATION / no value.
5. Since the property is in the physical position of Bank the said property is valued at very low only.
6. The number of auction bidders is restricted due to Bank having physical position of the property.

Negative Impact on Corporate Lending / Bank

Following are the IMPACT on the Profit and Loan Account and Balance Sheet of the Bank, highly questionable by the stake holders and depositors of the Bank in all respects:-

1. This leads to re-cycling of loan funds restricted.
2. This blocks high it rate of interest earnings on short lending loan products.
3. The provision for NPA Accounts still continuous for the annual accounts preparations.
4. Accordingly the profit will be reduced.
5. The dividents payable will be also reduced
6. This is delaying the auction proceeding of properties.
7. Posing the problems for controlling the OUT SQRCE RECOVERY AGENTS.
8. Un-productive use of secured officer and other bank officers, for highly valuable time and salary paid.
9. The service charge/amount payable to Bank side advocate is not having any importance consideration in related Bank.

Negative Impact on the Government Ex-Chequer Amount:

Following are the negative IMPACT on the STATE/CENTRAL GOVERNMENT:

1. The EX-CHEQUAR, by property purchaser registration of property is delayed to the state Government.
2. The TAX on CAPITAL GAIN is delayed payable by the seller IS ALSO DELAYED.
3. If the situation of ground realities, un-expected link to DRAUGHT, FLOOD and any kind of LOCK-DOWN, may lead to ECONOMY SLOWDOWN in all respects.

Suggestions

In the light of above critical study, it clearly establish the additional financial burdon to the NPA loan account holder, this has to be delt beyond the vision of corporate social responsibly since many NPA account holder are old customer of Bank and renewed the loan account more than 2 years to 25 years, and they have played role for growth and development of Bank in the history of Bank, accordingly it is suggested following.

1. Giving concession of Interest amount.
2. Providing the total interest, not to collect any interest.
3. Let the Government re-embsement of such Interest to Bank.
4. To establish the required additional DRT / DRAT tribunals to avoid such objectional interest collection by Banks.
5. Fix the time bound formula, to deliver the orders to DRT

Conclusion

In the instant empirical re-search article, findings, the MAGICAL INTERVENTION OF JUDICIARY IS REQUIRE to meet the ends of justice, in terms of NATURAL JUSTICE, since the PUBLIC POLICY AND PUBLIC MONEY is equally important and has to be balance, in the economy. Accordingly it is time to prevent any kind of additional / un-necessary financial burdon to the NPA loan account holder must be prevented.

| XYZ BANK TABLE – 1 MEMO OF CALICULATION ADDITONAL FINANCIAL BURDON TO NON-PERFORMANCE LOAN ACCOUNT HOLDER BETWEEN RESERVES FOR ORDERS AND ACTUAL DATE OF ORDERS AT-DRT/ DRAT/ HC | | Type – TERM LOAN/CC INTEREST = 16% Time = One Year / 3 years | | | | |
|--|----------------------------------|---|----------|-----------|-----------|-----------|
| SL.NO. | Loan amount outstanding Rs | Number of Days delay | | | | |
| | | 15 Rs | 30 Rs | 60 Rs | 90 Rs | 120 Rs |
| 1 | 1 Crore | 65,753 | 1,31,507 | 2,63,014 | 3,94,521 | 52,6027 |
| 2 | 2 Crore | 1,31,507 | 2,63,014 | 5,26,027 | 7,89,041 | 10,52,054 |
| 3 | 3 Crore | 1,97,260 | 3,94,521 | 7,89,041 | 11,83,562 | 15,78,082 |
| 4 | 4 Crore | 2,63,014 | 5,26,027 | 10,52,055 | 15,78,082 | 21,04,110 |
| 5 | 5 Crore | 3,28,767 | 6,57,534 | 13,15,068 | 19,72,603 | 26,30,137 |

Note : a) Regular int - 14%
b) OD Int - 2
Total - 16%