

## **Debt Recovery Tribunals in India: A Short Note**

*Manasi Phadnis and N. Prabhala, CAFRAL\**

March 2015

This is a brief discussion of the origins and functioning of the Indian credit recovery infrastructure. India's 1985 SICA Act put in place a debtor friendly regime in which defaulting borrowers could delay resolution for long periods of time and strip assets of value. The debt recovery tribunals in the 1990s attempt to create a more creditor friendly regime but their effectiveness is limited by restrictions on their scope. The SARFAESI Act, enacted in 2002, permits seizure of secured assets and has been the most effective means of recovery. A number of interesting research and policy-relevant questions arise but research is impeded by the lack of organized records friendly to research.

---

\* Manasi is research associate at CAFRAL. Prabhala is with CAFRAL and University of Maryland, College Park. The note was written as a non-technical discussion of the history and the status bankruptcy resolution process using DRTs. Thanks to the participants of the January 2015 conference on DRTs for helpful conversations. Please send comments to [admincafral@rbi.org.in](mailto:admincafral@rbi.org.in). The views expressed here are personal and do not represent the official views of CAFRAL or RBI.

## **1. Introduction**

When borrowers cannot pay promised interest or principal on time, creditors can initiate steps to recover debt. Bankruptcy laws determine the process by which recovery proceeds. This note describes and discusses some features of the recovery process in India, focusing on debt recovery tribunals (DRTs) and debt recovery appellate tribunals (DRATs). We touch upon the related SARFAESI Act and the 1985 SICA Act, but notably do *not* discuss corporate debt restructuring, which is the subject of other research.

## **2. The Origins of Debt Recovery Tribunals**

Exhibit 1 gives the list of DRTs and DRATs. This section briefly traces their evolution and key episodes that led to their formation.

### *2.1 Pre-DRT Resolution Process*

In India, banks and financial institutions had been required to institute a suit in civil court to proceed with recovery. The suit was tried and decided in accordance with the procedure laid down in Civil Procedure Code (CPC), 1908 (Dubey 2013). The CPC resolution process was long and cumbersome. In 1981, a committee under the Chairmanship of Mr. T. Tiwari was formed to suggest reforms. The committee observed that the Indian civil court system was burdened with diverse types of cases. Thus, recovery of dues due to banks and financial institutions was often not given priority. The committee suggested other modes to recover such dues. One measure was to set up quasi-judicial bodies to deal exclusively with the recovery process of the financial sector. These bodies could follow a faster “summary proceedings” process for disposing of cases. However, actual action on the formation of such bodies was not initiated until about a decade later around the Indian financial market and economic liberalization.

### *2.2 The 1993 RDDBFI Act*

In 1991, the Committee on the Financial System headed by Shri M. Narasimham (Narasimham Committee I) endorsed the views of the Tiwari Committee and

recommended setting up Special Tribunals (DRT Ernakulam website, accessed December 4, 2014). As backdrop for this recommendation, the committee noted the workload on the court system due to defaults. As of 30<sup>th</sup> September 1990, more than 1.5 million cases filed by the public sector banks and 304 cases filed by the financial institutions were pending in various courts. The recovery of debts involved more than ₹ 5,622 crore owed to public sector banks and ₹ 391 crores to other financial institutions.

The Narasimham committee recommendations led to the enactment of the Recovery of Debts Due to Banks and Financial Institutions Act (RDDBFI), 1993. The Act established two types of agencies, Debt Recovery Tribunals (DRTs) and Debt Recovery Appellate Tribunals (DRATs) and conferred upon them special powers for adjudication of debt recovery matters. Thus, the earliest establishment of DRTs as institutional entities to resolve bankruptcy occurred in 1993. The first DRT was formed in Calcutta (now Kolkata) on 27th April 1994.

### *2.3 DRT Legitimacy Questions*

Uncertainty about the legitimacy of DRTs continued for close to a half-decade. The constitutional validity of the RDDBFI Act was challenged before the Delhi High Court by the Delhi Bar Association. On March 10, 1995, the Delhi High Court ruled that the RDDBFI Act was unconstitutional because it compromised the independence of the judiciary from the executive. The Court found other anomalies. For instance, the Court ruled that lack of provisions for counter-claims by defendants made the Act biased towards the creditors conferring upon debt recovery the status of a tax (Dubey 2013). The national government moved the Supreme Court against the judgment. On March 18, 1996, the Supreme Court issued an interim order that, notwithstanding any stay order passed in any writ petition, DRTs should resume function. It also asked the central government to amend the law to address certain anomalies, which the government complied with in 2000. Subsequently the amendment made to the RDDBFI Act in 2000 allowed the defendant to make counter claims, and also strengthened the independence of DRTs from the executive branch of government.

In a final ruling on March 14, 2002, the Supreme Court stated that the RDDBFI Act with the amendments was constitutional. At this time all the pending cases about the constitutional validity of the act were dismissed (Visaria, 2009). Any residual questions about the legitimacy of the DRTs ended with the March 14, 2002 ruling.

### **3. Scope of DRTs and DRATs**

Exhibit 1 shows that debt recovery tribunals were set up under the RDDBFI Act just after its passage. We next discuss what cases they can take up and what items the tribunals can rule on.

#### *3.1 Entry into DRT*

Formally, an application for recovery of debt can be made to the DRTs for all debts valued at more than INR 1 million.<sup>1</sup> For lesser amounts, the banks and financial institutions can avail normal remedy process such as the Civil Courts. The Act further authorizes the Central Government to specify such other amount, being not less than INR 1 lakh, that can be assigned to DRTs. This provision enables rationalization and coherence with other bankruptcy legislation such as SARFAESI that specify different amounts and that can also be taken up by DRT. In terms of process, Section 22 (1) of the Act is the operative portion. The Section states that the DRT and DRAT are to be guided by the principles of natural justice. They have powers to regulate their own procedure and in particular are not to be bound by the procedure laid down by the former CPC. Operationally approach to the higher courts is through writ petitions filed at the courts. A law degree is not necessary to argue such cases.

#### *3.2 Jurisdiction of DRTs*

The jurisdictional powers and authority of the DRT and DRAT are set up so civil courts do not directly intervene on the main issue on which DRTs must rule. Section 17 of the RDDBFI Act vests in the DRT the authority to entertain applications from banks

---

<sup>1</sup> Section 2(g) of the RDDBFI Act defines debt as any liability (inclusive of interest) which is claimed as due from any person by bank or a financial institution or by a consortium in cash or otherwise, whether secured or unsecured, or assigned, or whether payable under a decree or order of any civil court or any arbitration award or otherwise or under a mortgage and subsisting on, and legally recoverable on, the date of the application.

and financial institutions for recovery of debts due to such banks and financial institutions.<sup>2</sup> The DRAT has the power to address appeals made against any order made, or deemed to have been made, by the DRT. Section 18 of the Act bars all other Courts in relation to the matters of debt apart from the Supreme Court and High Court, whose authority flows from articles 226 and 227 of the Indian Constitution. The bottom line is that relief against a judgment of DRAT can be sought only from the High Court and the Supreme Court.

### *3.3 Interventions by Lower Courts Not Entirely Precluded*

While the DRT process was designed to decongest lower courts, in practice, the lower courts do play a role in the DRT process because the judicial powers conferred by the RDDBFI Act on the DRT and DRAT are quite narrow. In the judgment of the Supreme Court in the suit of Standard Chartered Bank versus Dharmindar Bhoi and others (Civil Appeal 8486, 2013), the Court stressed that the DRT and DRAT can adjudicate on matters only in their domain as defined in section 17 of this Act. For instance, the DRTs and DRATs do not have jurisdiction on matters such as succession rights of property, monitoring and implementation of KYC norms or issuance of receipts. Such issues can and do arise during the debt recovery process, e.g., to infer security interest but the disputes on this issues can require rulings from civil courts that have a broader jurisdiction than the DRTs and DRATs. Thus, civil courts are approached for resolution on these matters even as they proceed through the DRT or DRAT, delaying DRT process pending guidance through decisions from Civil Courts.

## **4. The DRT process**

Figure 1 provides a visual depiction of the entire DRT process. There are two routes to approach DRTs, through direct application or through the SARFAESI route. Figure 2

---

<sup>2</sup> Section 2(e) of the RDDBFI Act defines banks as (i) banking company; (ii) corresponding new bank; (iii) State Bank of India (iv) subsidiary bank (v) Regional Bank (vi) Multi state co-operative bank. Section 2(h) of the RDDBFI Act defines financial institution as (i) a public financial institution within the meaning of Section 4A of the Companies Act, 1956; (ii) such other institution as the Central Government may, having regard to its business activity and the area of its operation in India by notification, specify.

illustrates the SARFAESI route to DRT. We discuss these routes and the process forward for case disposal.

#### *4.1 Application Route*

The recovery procedure under this route is invoked by making an application to (and not filing a suit with) the DRT and paying the prescribed fees. What DRT location is chosen under this route is a good question. There are currently 32 DRTs in India in 22 unique locations. Some cities have multiple DRTs to deal with the inflow of large number of filings of applications. Section 19 of the RDDBFI Act specifies the conditions for choice of DRT to make an application. An application can be made by the bank or financial institution to a DRT that has jurisdiction in the region where the defendant (one or more defendants, if more than one) actually or voluntarily resides, or carries business. An application may also be filed to a particular DRT if the cause of action wholly or in part arises within the limits of its jurisdiction.

#### *4.2 SARFAESI Route*

An application can also be made to the DRT under the Securitisation and Reconstruction for Enforcement of Security Interest Act (SARFAESI), 2002. Before discussing this point further, it is useful to briefly summarize the SARFAESI Act. Like the DRT process, the SARFAESI Act was also based on the recommendations of committees, specifically the Narasimham Committee – II (1998) and the Andhyarujina Committee (1999). These committees recognized the need to strengthen the rights of *secured* creditors to assist them in recovering their dues. SARFAESI sets out the process for doing so without the intervention of courts or tribunals.

The SARFAESI process is as follows. Under section 13 (2) of the SARFAESI Act, after a loan has been classified as a non-performing asset (NPA) by the secured creditor, a notice to this effect is sent to the relevant borrower. This notice must clearly mention the outstanding amount to be repaid in full within a period of 60 days by the borrower, failing which the secured creditor is entitled to exercise the rights in accordance with section 13 (4) of the Act. While the initial versions of the Act gave borrowers no rights to appeal against this notice, a later version introduced Sub-section

3A into SARFAESI Act to allow borrower appeals against 13(2) notices.<sup>3</sup> This appeal can be made to the secured creditor alone. The bank is expected to respond to the appeal of the borrower within fifteen days. If the borrower is unable to discharge his liabilities, sub-section 4 of section 13 of the Act authorizes the secured creditor to take recourse to measures of recovery by taking possession of the secured asset including the right to transfer by way of lease, assignment or sale, take over management of the business or appoint any person to manage the secured asset.

The transition into DRTs occurs when collateral is insufficient to fulfill obligations to creditors. In such instances where dues of the secured creditors are not fully satisfied with the sale proceeds of the secured assets, the creditors may file an application to the DRT for recovery of the remaining portion of the dues. The borrower can also appeal to the DRT against the creditor's findings.<sup>4</sup>

Prior to 2004, transitions from SARFAESI into DRTs were extremely costly for borrowers. An appeal could be made to the DRT by the borrower only after depositing 75% of the amount specified in the notice issued under section 13(2). At the discretion of the DRT this amount could be reduced or waived. This is particularly punitive for distressed borrowers who by definition lack resources. Asking them to deposit a further 75% of the claimed amount is costly. It may, paradoxically, be raised yet again from the banking system itself. The 2004 amendments permits appeal to the DRT by paying only the fees prescribed by the RDDBFI Act, which are applicable to all applications made to the DRT.

#### *4.3 Post Filing: DRT Process*

To expedite court processes, adjudication by DRTs and DRATs is by summary proceeding. The powers of the tribunal are quite substantial. Section 19 (12) of the Act empowers the DRT to make an interim order against the defendant to debar him from disposing or transferring any property and assets belonging to him without prior

---

<sup>3</sup> The amendment was motivated by the observations made by the Supreme Court in *Mardia Chemicals vs. Union of India* (AIR 2004 SC 2371).

<sup>4</sup> Per Section 17 of the SARFAESI Act, borrowers can appeal against any action taken by the creditor under section 13 (4).

permission of the Tribunal. It also has the power to detain the defendant for a maximum of three months for disobedience of an order or breach of any terms of an order issued under sections 19(12), 19(13) and 19(18) of the SARFAESI Act.

In the direct application route, the recommended time to completion is 180 days from the receipt of the application as per Sections 19(4) of RDDBFI. For applications made to DRT under the SARFAESI Act, DRTs are asked to dispose cases within 60 days, with an outer limit of 4 months. If the period exceeds 4 months section 17(6) of the SARFAESI Act entitles either party to the application to make an application to the DRAT to direct the DRT for disposal of the pending application.

The submission of an application to the DRT triggers, summons issued to the defendant requiring him to show cause within 30 days as to why relief prayed for should not be granted. The defendant must present a written statement. The Tribunal may permit additional time for submission of this statement. The defendant can plead a set-off against any ascertained sum of money legally recoverable by him from the applicant at the first hearing and not afterwards unless permitted by the Tribunal. A counter-claim against the claim of the applicant can be made by the applicant before delivering his defense.

On the basis of the DRT's order, the Presiding Officer of the DRT issues a certificate to the Recovery Officer for recovery of the amount of debt specified in the certificate. The Recovery officer can recover dues by attaching, selling and appointing a receiver for the management of the defendants' property. The DRTs can also obtain a police warrant to arrest the defendant (Visaria, 2009).

#### *4.3 Post-Filing: DRAT*

An appeal against the order of the DRT can be made to the DRAT within whose jurisdiction the DRT falls. There are currently 5 DRATs in Mumbai, Delhi, Kolkata, Chennai, and Allahabad. The appeal has to be made within a period of 45 days from the order of the DRT, which may be extended by the DRAT. Additionally, the DRAT can be approached for interim relief on interim applications (IA) or miscellaneous applications (MA) which are sub-sections of the original applications.

Appeals to DRAT can be expensive. The aggrieved party that owes the debt must deposit 75% of the amount determined by the order of the DRT. This amount can be



reduced or waived by the DRAT. For appeals to DRAT that originate in the SARFAESI Act actions, the deposit is 50% of the amount which is claimed by the secured creditor or the amount as determined in the order of DRT or the, whichever is less. However an important point is that unlike applications under RDDBFI, the deposits cannot be fully waived but only be reduced to 25% of the amount.

## **5. Inefficiencies in the Actual Recovery Process**

Informal discussions with industry reveal that the recovery process is inefficient and often witnesses lack of robust participation in properties auctioned under DRTs. A key issue is the presence of claw back provisions as discussed below.

Under the DRT, a bank recovers its dues by sale of the asset by publicly auctioning it. It is mandatory for the bank to advertise the auction in the leading newspapers, after mentioning a reserve price. One day is allotted to the potential buyers to examine the asset and verify its documents.

Bidders must deposit a refundable amount called the earnest money deposit (EMD), which could be 15% of the reserve price. Upon winning the auction the successful bidder has to pay the remaining amount within the period determined by the bank. If the bidder is unwilling or unable to pay the remaining amount, the EMD is not refunded. Following the successful bidding of the asset a 30 day cooling period is observed. During this period, an injunction may be sought. For instance, the owner of the asset may argue that the price is lower than expected or there may be lack of proper advertising of the asset. Other bidders could contest the auction on grounds that the bank did not furnish sufficient documents during inspection of the property.

The bank may re-auction the asset if it does not get the expected price for it. Less frequently, banks may choose to settle for a price that is lower than the reserve price. Informal discussions suggest that the illiquidity of the asset and the specificity in value of the asset to the original borrower can result in peculiar outcomes. For instance, the original owner of the property may have the highest value of the asset, in which case the

debt is effectively reduced to the valuation of the asset to the defaulter, who then has the option of purchasing a property back at price that is lesser than what is originally due under the defaulted loan. These types of inefficiencies can arise in many bankruptcy proceedings and are thus clearly not unique to DRTs or India. However, protracted proceedings in the legal bankruptcy process offer more opportunities for such situations to arise.

## 6. Interaction between SICA and RDDBFI Act

The Sick Industrial Companies Act (SICA), enacted in 1985, is an alternative channel to address financial distress faced by public<sup>5</sup> and private sector entities. As we discuss below, the process has relatively noble aims of avoiding liquidation in favor of restructuring. However, it has effectively become so pro-debtor that any restructuring is only a restructuring in name and lets owners continue to be in possession of assets for a long period of time. Thus, defaulters are given a long-lived options on the asset even if it is in distress. The resultant heads-I-win tails-you-lose situation is a recipe for excessive risk-taking and non-resolution of distress.

Under SICA, a company is defined as ‘sick’ in section 3(o) of SICA, if at the end of any financial year the accumulated accounting losses equal to or exceed its entire net worth<sup>6</sup>. A *potentially* sick company is one whose losses have eroded by 50% or more of its peak net worth during the immediately four financial years. Such firms may also seek rehabilitation under SICA. The Act serves firms in scheduled industries as annexed in the First Schedule of the Industrial Development Regulation Act, 1951 (IDRA). Provisions of SICA are applicable only to those companies that have completed five years since their

---

<sup>5</sup> Government Company as defined by section 617 of Company Act 1956 came under purview of SICA, due to amendments made in 1991.

<sup>6</sup> Section 3(h) of SICA defines net worth as the sum total of the paid-up capital and free reserves.

registration<sup>7</sup> and which have 50 or more workers on any day of the 12 months preceding the end of the financial year with reference to which sickness is claimed.<sup>8</sup>

SICA established the quasi-judicial bodies of Board for Industrial and Financial Reconstruction (BIFR) and the Appellate Authority for Industrial and Financial Reconstruction (AAIFR). The bodies have sweeping powers through Section 22 of SICA, which overrides and stops all other legal contracts and proceedings while an inquiry is pending with the BIFR or AAIFR. Contracts stop even if any scheme is under preparation, consideration, or under implementation under SICA. If so, no action can be taken by creditors for recovery without prior approval of BIFR or AAIFR. While the intent of the provision is to preserve assets during the proceedings in the BIFR, they can also be used by promoters to stop all actions taken by creditors. This provision as given in section 22 is a main reason for the failure of SICA to resolve distress.

SICA can dilute the force of debt recovery tribunals. Section 34 of RDDBFI clearly states that the provisions of the Act defining the scope of DRTs are in addition and not in derogation of the SICA. Thus companies can approach BIFR even after an application has been filed by their creditors in the DRT, which effectively stalls recovery proceedings cleared by DRTs. The enactment of SARFAESI Act presented a partial remedy to this problem. Section 15 of SICA provides that a reference made to BIFR shall abate if secured creditors representing not less than 60% in value of the amount outstanding take measures to enforce the security as per the provisions of SARFAESI Act. Thus, firms can be pulled out of BIFR, potentially irreversibly, through actions under SARFAESI as secured creditors. Once outside the BIFR section 22 of SICA is not applicable to the company. Any appeal made against this enforcement under SARFAESI is, at least in principle, the domain of DRTs. Not surprisingly, SARFAESI remains the most pro-creditor tool of choice in debt enforcement.

---

<sup>7</sup> New ventures effectively have a moratorium period of five years before being declared sick.

<sup>8</sup> For instance, ancillary and small scale industrial undertakings as defined in section 3 of IDRA do not come under the purview of this Act. This was specifically done so that focus remains on rescuing companies that are of economic importance.

## 7. DRT Data for Research

Research on DRT requires clean data on filings and disposal of DRT cases. We explored data availability with Westlaw, a product of Thomas Reuters, in turn a leading database vendor worldwide. Westlaw has a comprehensive database containing proceeding of all Courts and Tribunals of India and a reasonable search interface. Our discussions revealed that judgments are reportable or not reportable. A judgment is classified in these two categories by the court itself. Reportable judgments are important from a legal point of view as the arguments can be referred to in other cases. Thus, major data vendors only collect data for reportable cases. However, many orders passed by the DRT may be not reportable, perhaps due to outright dismissals of frivolous cases. These missing data points imply that commercial databases are not viable as means for aggregate research on DRTs.

A further complication is that DRTs only pass *orders*, which are simply formal expressions of decisions. This makes it particularly hard to track the filings made to the DRTs. The DRATs on the other hand pass *judgments*, which can be tracked. Thus, DRAT data are more readily available and can be potentially tracked. Exhibit 2 lists DRATs and their DRAT jurisdictions. The coverage of data in Westlaw consists of the reportable judgments and starting from the year 2002. They also have records of the presiding judges of the DRATs. Other websites also provide details of DRATs.

Research on debt recovery tribunals are also challenging because of variations in the record keeping methods, their comprehensiveness across courts, and varying views taken by judges and authorities on whether researchers can access their records and how. All this makes it hard to generate high quality research datasets on the DRT process in India. Given that DRTs are essentially fact finding courts that are restricted to passing judgments on whether a debt is legally owed, there seems to be no good reason why the process cannot be automated. Of course, such automation presumes the availability of unambiguous electronic records that certify both identity and property title. This is, of course, very much work in progress in India.

## 8. Research Questions

We conclude this brief manuscript by outlining interesting research questions to pursue using the bankruptcy data on hand or that can be reasonably collected.

1. *Effectiveness of DRTs.* What types of judgments do they pass, how long do they take, and where do the cases eventually end up (DRAT, BIFR, or resolution)? It would also be useful to assess heterogeneity in outcomes based on location, distance to civil courts that offer options to stall, distance to DRATs, and judge-specific fixed effects. These are quite apart from heterogeneity based on borrower and bank characteristics.
2. *DRAT* It would be interesting to see whether the distance between DRT and its higher DRAT has any effect on proceedings in DRT. Specifically, making them closer could well delay the justice process because the costs of appeals are lowered. However, these may be offset with greater local knowledge and perhaps faster disposal. Of course these effects can also be present through the civil court process as many bankruptcy cases could have simultaneous suits going through the civil process.
3. *BIFR and DRT Interactions.* How many and what type of cases transit from one to another? What can we learn about stalling bankruptcy from this?
4. *NPA-DRT Filing Gap* What determines the time gap between an asset becoming an NPA and filing an application in DRT? Conversations suggest that personal relations matter. Very often, branch managers who trust long-standing borrowers may defer initiation of DRT actions.
5. *Exploiting variations in DRT opening* Following Visaria (2009), there are variations based on when a court was opened, when a DRAT is opened, and the actual powers vest in DRTs, and so on. This variation opens up the possibilities of research to modern identification standards. Bhue, Prabhala and Tantri (2016) exploit this variation to understand the move from relationship banking to arm's length credit.
6. *The role played by SARFAESI.* DRT filings with and without SARFAESI have different financial penalties. It is useful to see how the interactions impact bankruptcy proceedings.
7. From discussion with industry it is understood that a notice of the disputed asset under DRT can be put in newspaper or physically on site. We can examine the

indirect effects of such notices. Social or reputational costs pressures apart, the ability to pledge assets under notice decreases, perhaps compromising the value of an asset. Teasing out the effects of such pro-creditor provisions on asset values or recovery values in default are useful avenues for inquiry.

There are undoubtedly many other questions. A key challenge is compilation of the data, especially DRT datasets. We may have to resort to random sampling to make progress.

## Bibliography

Anant, T.C.A, Singh, Jaivir, Structuring Regulation, 2006, Constitutional and Legal Frame in India, *Economic and Political Weekly* 41(2), 121-127.

Bhue, G., N. Prabhala, and P. Tantri, 2016, “Creditor Rights and Relationship Banking: Evidence from a Policy Experiment,” *CAFRAL Working Paper*.

Batra, Sumant, 2003, Asian Recovery: Progress and Pitfalls: The Position of India, *World Bank Global Forum on Insolvency Risk Management (Washington DC)*.

Dubey, G.S, 2013, An Introduction to the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 – A study, *Chartered Account Practice Journal* September 16 – September 30, 684 – 692.

Gopalan Radhakrishnan, Mukherjee Abhiroop, Singh Manpreet, 2014, Do Debt Contract Enforcement Costs Affects Financing and Asset Structure?, *Working Paper, Washington University and Hong Kong University of Science and Technology*.

Gormley, Todd, Nandini, Gupta, Jha, Anand, 2011, Corporate Bankruptcy and Creditor Incentives, *Working paper, University of Pennsylvania, Indiana University and Texas A&M International University*.

Government of India, The Recovery of Debts Due to Banks and Financial Institutions Act, 1993, *Government of India Publications: New Delhi, India*.

Government of India, Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, *Government of India Publications: New Delhi, India*.

Government of India, Sick Industrial Company (Special Provisions) Act, 1985, *Government of India Publications: New Delhi, India*.

Government of India, The Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act, 2012, *Government of India Publications: New Delhi, India*.

Kang, Nimrit, and Nitin Nayar, 2004, The Evolution of Corporate Bankruptcy Law in India, *ICRA Bulletin, Money and Finance, Oct 03 – March 04*, 37-58.

Lilenfeld-Toal, Ulf, Mukherjee, Dilip, and Visaria, Sujata, 2012, The Distributive Impact of Reforms in Credit Enforcement: Evidence from Indian Debt Recovery Tribunals, *Econometrica* 80(2), 497-558.

Sharma, Nilesh, and Sandeep Gupta, 2013, The Restructuring Review, *Law Business Review* 6<sup>th</sup> Edition, 163-175.

Unny, Mukund, 2011, A Study of the Effectiveness of remedies available for banks in a Debt Recovery Tribunal – A case study of Ernakulam DRT, *Working Paper Series, Centre for Public Policy Research*, 1-35.

Vig, Vikrant, 2013, Access to Collateral and Corporate Debt Structure: Evidence from a Natural Experiment, *Journal of Finance* 68(3), 881-928.

Visaria, Sujata, 2009, Legal Reforms and Loan Repayment: The Microeconomic Impact of Debt Recovery Tribunals in India, *American Economic Journal: Applied Economics* 1, 59-81.

Zwieten, Kristin, 2014, Corporate Rescue in India: The Influence of the Courts, *Journal of Corporate Law Studies, Vol. 1, 2015*.



**Exhibit 1**

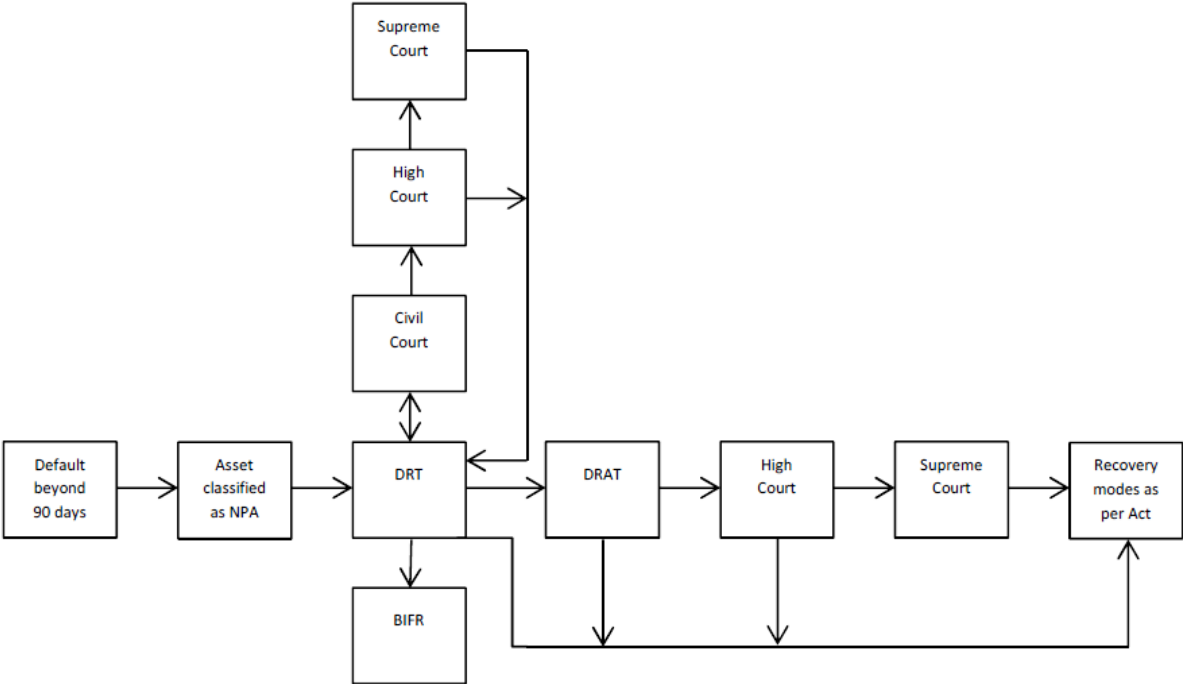
Date of Establishment	DRT/DRAT	City
27 <sup>th</sup> April 1994	DRT	Kolkata – 1
5 <sup>th</sup> July 1994	DRT	Delhi – 1
12 <sup>th</sup> July 1994	DRAT	Mumbai
30 <sup>th</sup> August 1994	DRT	Jaipur
30 <sup>th</sup> November 1994	DRT	Bangalore
21 <sup>st</sup> December 1994	DRT	Ahmedabad – 1
4 <sup>th</sup> November 1996	DRT	Chennai – 1
7 <sup>th</sup> January 1997	DRT	Guwahati
24 <sup>th</sup> January 1997	DRT	Patna
7 <sup>th</sup> April 1998	DRT	Jabalpur
16 <sup>th</sup> July 1999	DRT	Mumbai – 1
21 <sup>st</sup> September 1999	DRT	Hyderabad
4 <sup>th</sup> October 1999	DRT	Ernakulam
17 <sup>th</sup> February 2000	DRAT	Chennai
24 <sup>th</sup> March 2000	DRT	Chandigarh – 1
24 <sup>th</sup> March 2000	DRAT	Kolkata
31 <sup>st</sup> March 2000	DRT	Allahabad
26 <sup>th</sup> May 2000	DRAT	Delhi
7 <sup>th</sup> December 2000	DRT	Aurangabad
29 <sup>th</sup> December 2000	DRT	Mumbai – 2
29 <sup>th</sup> December 2000	DRT	Mumbai – 3
29 <sup>th</sup> December 2000	DRT	Nagpur
29 <sup>th</sup> December 2000	DRT	Cuttack
29 <sup>th</sup> December 2000	DRT	Delhi – 2
3 <sup>rd</sup> January 2001	DRAT	Allahabad
29 <sup>th</sup> March 2001	DRT	Chennai – 2
2 <sup>nd</sup> April 2001	DRT	Kolkata – 2
7 <sup>th</sup> December 2001	DRT	Pune

18 <sup>th</sup> January 2002	DRT	Delhi – 3
31 <sup>st</sup> January 2002	DRT	Lucknow
6 <sup>th</sup> February 2002	DRT	Kolkata – 3
26 <sup>th</sup> February 2002	DRT	Ranchi
26 <sup>th</sup> February 2002	DRT	Vishakhapatnam
22 <sup>nd</sup> March 2002	DRT	Coimbatore
4 <sup>th</sup> July 2006	DRT	Chandigarh – 2
9 <sup>th</sup> January 2007	DRT	Chennai – 3
9 <sup>th</sup> January 2007	DRT	Madurai
29 <sup>th</sup> May 2007	DRT	Ahmedabad – 2

## Exhibit 2

DRAT	Jurisdiction
DRAT Allahabad	Allahabad, Lucknow and Jabalpur
DRAT Delhi	Chandigarh I, II, Delhi I, II, III and Jaipur
DRAT Mumbai	Ahmedabad I, II, Aurangabad, Mumbai I, II and III, Nagpur and Pune.
DRAT Chennai	DRT Chennai I, II, III, Bangalore, Ernakulam, Coimbatore, Madurai, Vishakapatnam and Hyderabad
DRAT Kolkatta	Cuttak, Guwahati, Patna, Kolkata I,II,III and Ranchi

**Figure 1 Flowchart of the DRT Process**



**Figure 2 Flowchart of the SARFAESI Process**

