

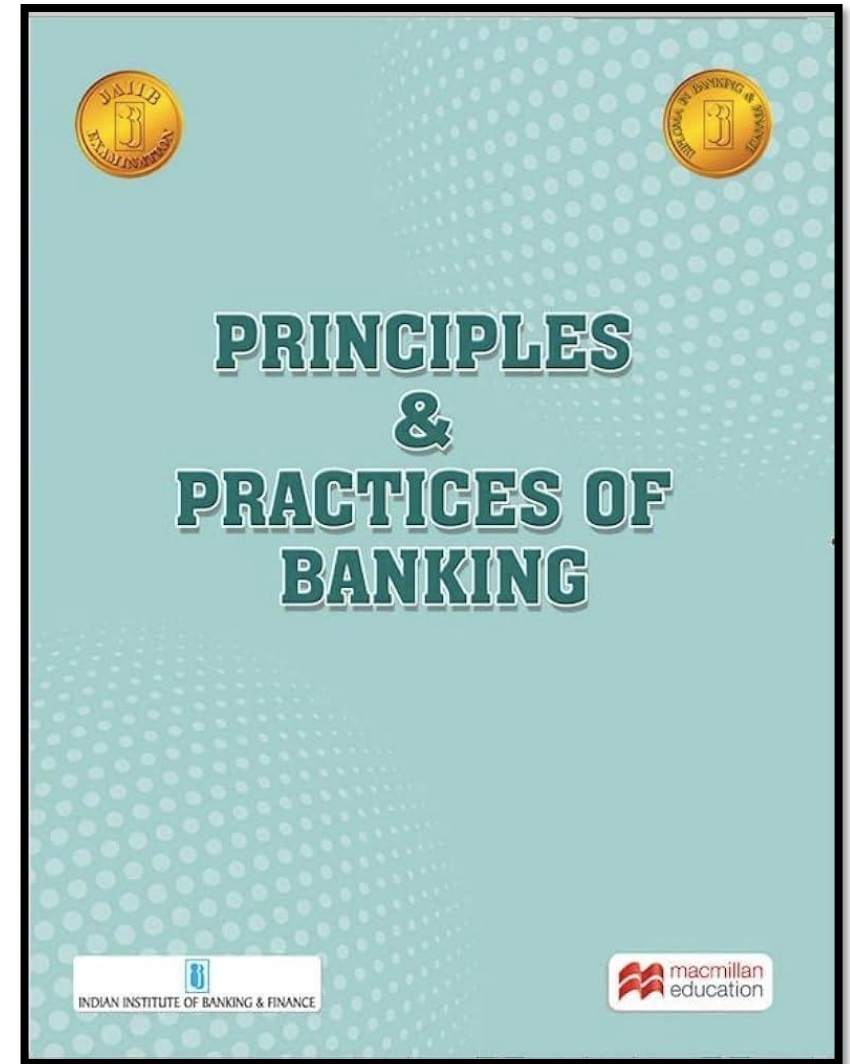
JAIIB Examination



A Day

Module B
Chapter 29

**IMPORTANT LAWS RELATED TO RECOVERY
OF DUES PART-1**



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DEBT RECOVERY TRIBUNAL



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Recovery of Debts and Bankruptcy Act – An Overview



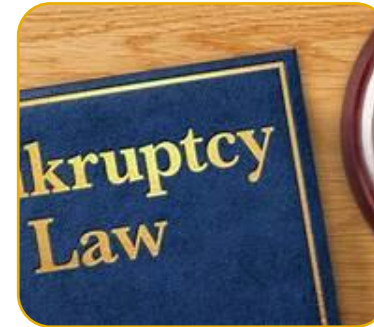
Recovery through courts was a bottleneck due to backlog.



- Banks faced difficulty even in recovering decreed debts.



- Huge unproductive assets and manpower drain observed.



- DRT Act enacted in 1993 for speedy debt recovery.



- Amended in 2019 and renamed as Recovery of Debts and Bankruptcy Act.



Constitutional Validity & Scope of the Act

- Delhi High Court declared it unconstitutional (Article 14).

- Supreme Court upheld constitutional validity (UOI vs Delhi HC Bar Assn, 2002).

- Not applicable to co-operative banks with separate recovery systems.

- Applicable to multi-state co-operative banks.



Extent, Commencement, and Application

- Applicable to all of India (except J&K initially).
- Effective from **24 June 1993**.
- Applicable to cases involving **₹20 Lakh** or more owed to banks or financial institutions.



Establishment & Composition



DRT: Appointed by Central Govt; Presiding Officer (District Judge level); 5-year term/65 years age.

DRAT: Chairperson (High Court Judge level or equivalent); 5-year term/70 years age.



Staff works under superintendence of PO or Chairperson.



Establishment & Composition

Jurisdiction and Power

DRT: Handles recovery applications from banks/FIs & under IBC.

DRAT: Hears appeals against DRT & IBC orders.

Bar on Civil Courts for recovery cases \geq ₹20 lakh.

Chairperson can transfer cases, supervise, and report on POs.

Procedure for Recovery

- Steps from application to issuance of Recovery Certificate.
- Powers like attachment, appointing receiver, interim orders, and counterclaims.
- Time-bound disposal (180 days).
- Affidavits allowed; cross-exam only if tribunal deems necessary.



Concept Check

What is the minimum threshold of debt to file a case in DRT?

- a) ₹1 lakh
- b) ₹10 lakh
- c) ₹20 lakh
- d) ₹50 lakh



Concept Check

Who appoints the Presiding Officer of DRT?

- a) RBI
- b) Ministry of Finance
- c) Central Government
- d) Supreme Court

Answer : C



Concept Check

Which section of the Act deals with filing of application to DRT?

- a) Section 17
- b) Section 18
- c) Section 19
- d) Section 21

Answer : C



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Short Notes



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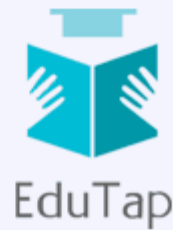
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