

# Debt Recovery Tribunal

The Central Government appoints the presiding officer of the DRT, who is qualified to be a district judge. The officer shall preside for five years or till age 65, whichever is earlier. An appeal against the order of the DRT is made to the DRAT (Debts Recovery Appellate Tribunal).

## Debt Recovery Tribunal Background

- Before 1993, financial institutions and banks faced significant issues in recovering loans provided to individuals and business organizations.
- Although cases of bad loans and Non-Performing Assets (NPAs) were referred to the civil courts, the proceedings dragged on for years. As such, it took several years for banks to recover their money.

RDDDBFI, or The Recovery of Debts due to the Banks and Financial Institutions Bill, was introduced to fix the trouble.

- It provided for the building of Tribunals for prompt judgement and recovery of debts.
- The bill was passed in August 1993, and DRTs were established.
- The RDDDBFI Act is now called the Recovery of Debts and Bankruptcy Act (RDB Act, 1993).

## Features of Debt Recovery Tribunal

The central Government can appoint Debt Recovery Tribunals to exercise jurisdiction, powers, and control to consider a request against the order created by Adjudicating Authority under Insolvency and Bankruptcy Code, 2016.

### Composition of Tribunal:

The central Government appoints a tribunal, which comprises only one person, the Presiding Officer.

### Qualifications of Presiding Officer:

An individual must be or should have been qualified to become a District Judge to be eligible for becoming a Presiding officer of a Tribunal.

### Term of Office:

The Presiding officer of a Debt Recovery Tribunal can hold power for five years from the day he joins his office and shall be suitable for reappointment.

### The staff of the Tribunal:

- The Central Government can provide the Tribunal's Presiding officer with one, or even additional, recovery officers and workers who they may think are a proper fit for the role.
- The officers, including recovery officers and other employees belonging to a tribunal, shall terminate their operations under the Presiding Officer's general superintendence.

### Removal:

The central Government has the authority to remove the Chairperson of an Appellate Tribunal or The Presiding Officer of a Tribunal based on confirmed misbehavior or incapability after questioning.

### Jurisdiction of Debts Recovery Tribunal

DRT has command, authority, and power to consider and determine applications from banks and economic organizations for retrieval of debts.

## Powers and Functions of Debt Recovery Tribunal

- The Debt Recovery Tribunal enforces the RDB Act, 1993, and the SARFAESI ACT, 2002.
- The DRT has to resolve the claim within six months. An appeal against the order of the DRT can be made to the DRAT within 45 days of the judgment.
- DRTs are empowered to pass comprehensive orders that can travel beyond civil procedures to render complete justice. They can also hear cross-suit counterclaims and allow set-offs.
- However, it cannot listen to claims of damages, deficiency of service, breach of contract, or criminal negligence on the lender's part.
- DRTs have the power to examine their own decisions. They can also hear appeals against orders passed by their Recovery Officers.

## Constitution of Debt Recovery Tribunal

- The DRT entertains applications for recovery of debt of value equal to or exceeding 20 lakh rupees.
- The Act bars all courts from having administration over the matter relating to debt recovery, except the High Court and the Supreme Court.

### Debt Recovery Tribunal Case Status:

It is easy to check the DRT case status by following the below steps. Applicants must visit the official website of DRT and enter the case details under the DRT/DRAT Case Status Report to search for their case.

- Log on to DRT.Gov.in.
- Select your DRT city and the court in which your case is going.
- Fill in your "case type," "case number," and "case year."
- Enter the captcha code.
- Click on the search button.

## Debt Recovery Tribunal Issues

- The number of DRTs established do not commensurate with the large volume of cases.
- Most DRTs are overburdened, slowing the resolution process. It defeats the purpose for which the DRTs were established.
- The DRTs are not well equipped to handle cases related to large borrowers.
- The officials of the Tribunal are not appointed on a timely basis.

## Corrective Measures Taken to Rejuvenate DRTs

The Government took steps to rejuvenate the DRTs by amending the RDBFI Act in 2016.

Some of the significant amendments are as follows-

- Time limits have been assigned for various steps in the adjudication process.
- The Central Government can now provide uniform procedural rules for proceedings in the DRT and Appellate Tribunals.
- The retiring age of the presiding officer was increased from 62 to 65.
- Financial institutions can file cases in DRTs that have jurisdiction over their area instead of the defendant's area of residence or business.

- Defaulting borrowers may have to deposit at least 75% of the outstanding amount while appealing with DRAT. It will reduce delaying tactics of making protracted appeals practiced by some borrowers.

Debt Recovery Tribunals can now also consider cases of bankruptcy from individuals and unlimited liability partnerships under the Insolvency and Bankruptcy Code. Although Debt Recovery Tribunals have made a lot of impact over the years, the shortcomings they face are slowing them down. Hopefully, the amendments will tackle those issues and strengthen the DRTs to ensure the timely recovery of debts.

