**Debt Recovery Tribunal**

Debt Recovery Tribunals were created to facilitate the speedy recovery of debt payable to banks and other financial institutions by their customers. DRTs was set up after the passing of Recovery of Debts due to Banks and Financial Institutions Act (RDBBFI), 1993. A person or entity aggrieved by orders of the DRT can appeal against its orders to Debt Recovery Appellate Tribunal (DRAT). The DRAT will not entertain the appeal until such person deposits the 75% of the amount of debt so due determined by the DRT. In this article, we look at the Debt Recovery Tribunal Act, in detail.

**Importance of DRT**

The main objective and role of DRT is the recovery of funds from borrowers which is payable to banks and financial institutions. The Tribunals power is limited to settle cases regarding the restoration of the unpaid amount from NPAs as declared by the banks under the RBI guidelines. The Tribunal has all the powers vested with the District Court. The Tribunal also has a Recovery officer who guides in executing the recovery Certificates as passed by the Presiding Officers. DRT follows the legal procedure by emphasising on speedy disposal of the cases and fast implementation of the final order.

**Applicability of the Act**

The Debt Recovery Tribunals Act applies to the following entities.

* It applies to all over India except for State of Jammu and Kashmir.
* It applies where the amount of debt due is not less than Rs. 10,00,000/-.
* It applies when the original application for recovery of Debts is filed only by Banks and Financial Institutions.

**Establishment of Tribunal and Appellate**

The Central Government can set up one or more Debts Recovery Tribunals to exercise the jurisdiction, powers and authority conferred under this Act.

The Central Government may also specify the areas where such tribunal may exercise jurisdiction for entertaining and deciding the applications filed before it.

**Composition of DRT**

DRT is controlled over by a Presiding Officer, who is qualified to be a District Judge and is appointed by notification by Central Government. The central Government may also authorise another presiding officer of a DRT other than discharging the function of a presiding officer of a DRT.

**Documents Required**

Every application to be furnished by a paper book containing such as

* A statement is showing details of the debt due from a Respondent and the circumstances under which such debt has become due.
* Any documents relied upon by the applicant and those mentioned in the application.
* Details including crossed Bank Draft or Indian Postal Order representing the application fee.
* Index of the documents to be produced.

Note: Where the parties to the lawsuit or proceedings are to be produced by an agent with the documents authorising him to represent as such agent or Vakalatnama in case of an Advocate also be appended to the application.

**Application Fee**

Every application should be accompanied with fee provided in sub-rule (2).

* The fee can be payable either in the form of crossed demand draft drawn in respect of the Registrar or at the Registrars office is situated.
* The fee can be paid through a crossed Indian Postal Order drawn in favour of the Registrar and also payable in Central Post Office of the station where a Tribunal is situated.

**DRT  Process**

There are following procedure involved in making application to Debt Recovery Tribunal are as follows:

**Procedure for filing of application**

The applicant should apply with the Registrar within whose jurisdiction the applicant is functioning as a bank or financial institution in the present.

An application should be presented in the prescribed format.

The application can be presented by the applicant or by his agent or by an authorised legal practitioner.

The application to be presented to the registrar of the tribunal within whose jurisdiction his case falls or can be sent through registered post addressed to the Registrar.

**Submission of application**

If the application sent by post to be deemed to have been presented to the Registrar on the same day of receiving the request by the registrar.

The application should be presented in two sets. An empty file size envelops bearing full address of the respondent. The applicant should furnish full bearing address of each of the respondents.

**Presentation and verification of application**

The registrar or any other concerned officer authorised by him will approve every application on the date in which it is presented or deemed to have been filed under that rule and should sign the endorsement.

If on verification the application is found to be in order, it should be duly registered and give a serial number.

**Issuance of original application number**

The Registrar of DRT is responsible for the Overall Administration of the tribunal.

The Registrar will issue the Original Application (OA) number and summon after verifying the application.  Also serves a copy of the application and paper book on each of the respondents. The respondent may file four complete sets indicating the reply to the application along with documents within one month (or extended time allowed by the tribunal) of its receipt.

**Procedure Before Filing a Case in DRT**

The following procedures are to be followed before filing the case in debt recovery tribunal.

* Sell pledged goods after addressing particular notice to the lender.
* In the case of hypothecated goods, get possession of the assets, and sell them after addressing the due in the form of notice.
* In the case of LIC policies, handover such policies and designate the surrender value towards the loan account.
* Set off the credit balance in any current or savings, account and TDRs in the names of the Borrowers or Guarantors, before filing a suit.
* Proof of ownership or debt such as shares, debentures, NSC, Mutual Fund Securities should be realised and be adjusted against the outstanding.
* Secure the documents or securities are enforceable against borrowers/guarantors while handling files to advocates for requesting Recovery Application before the tribunal.
* Brief the advocate accurately by providing a detailed narrative or write-up and by examining in detail the conduct of the account, documents received up to the date, securities created and other relevant information relating to the account.
* Analysis of the draft application to verify the correctness of every fact and relevant details stated in the draft application
* After verifying the accuracy of the draft application, the branch has to forward the draft application to the concerned authority for approval along with the copy of the memorandum for legal action in the account and the copy of the narrative or write-up provided earlier to the advocate along with the list of documents.
* After obtaining permission from the Authority, the Branch should discuss with the advocate about the changes or observations made by the appropriate authority while according approval and finalise the Application for recovery of updated dues of the Bank.

**Procedure at Filing the Case in DRT**

The following procedures are to be followed at the time filing the case in debt recovery tribunal.

* The Recovery Application, in the prescribed format, should be submitted with the DRT within the specified time from the day of the appropriate authority mentioned for approval against the legal action.
* Recovery Application should contain the description of all relevant documents and securities charged to the Bank.
* While filing Recovery Application, Xerox copies of records are to be produced to the Advocates.
* Original Documents should be maintained with the Branch till DRT requires the same.
* Interim reliefs such as the injunction against properties, attachment before judgement, the appointment of Receiver, Recovery Certificate for admitted dues should be appealed as a rule.
* Account Extracts to be provided and certified as per the provisions of Bankers Books Evidence Act and be annexed to the Recovery Application.
* Penal Interest should not be compounded.
* Costs for preserving the securities before filing suit and during the pendency of the lawsuit claimed.

**Procedure After Filing the Case in DRT**

The following procedures are to be followed after filing the case in debt recovery tribunal.

* If the Recovery Application filed is satisfied in all respects, ORT will issue a serial number and summons to borrowers or guarantors called defendants.
* Serving of warrant for quick disposal of the case and the Branch/Advocate should get to see that summons are served within one month.
* If the summons is served on the defendants, proceedings commence with evidence by way of affidavits filed by the bank followed by cross-examination of Bank’s witnesses and vice versa followed by arguments ending up in Recovery Certificates in respect of the Bank.
* Evidence by way of affidavits as preceding, clarifications or reports excepted by the DRT should be filed in time, and no adjournment to be asked on this score. Reply to counter-claims made by the borrowers should be submitted without any delay.
* Defendants attempt to get an adjournment on various grounds including that their compromise proposal is pending consideration before the Bank’s Advocate should oppose the Bank.
* The DRT has the controls to order arrest and detention in civil prison of those defendants who do not follow the specified orders of the DRT. Wherever the defendant disobeys the laws of the DRT, the Branch should notify the Bank’s Advocate to appeal for arrest and detention of such defendant.

**Execution of Recovery Certificate**

The Presiding Officer finally grants Recovery Certificate and sends it to Recovery Officer (R.O.) for execution. On receipt of the Recovery certificate, the recovery officer can issue the notice to Certificate Debtors, giving 15 days for payment of the amount stated in the Recovery Certificate.

If the defendant neglects to pay the amount, Recovery Officer will proceed to recover the amount by any one or more of the methods, which are listed below:

* Attachment and sale of Movable or Immovable Property of the defendant.
* Arrest and Detention of the defaulter.
* Appointment of Receiver.
* The closing of DRT Application after full recovery of bank dues, the application is closed by Recovery officer.

**Appeal Against Recovery Officer**

The appeal against an order of Recovery Officer to DRT can be requested within 30 days from the date of order. The Tribunals have to resolve the claim within six months. The appeal against the judgment of DRT can be made within 45 days only to DRAT(Debt Recovery Appellate Tribunal). For filling lawsuit, as per Section 21 of the tribunal the 50% of the fund to be deposited by the appellant and the Chair Person may reduce it up to 25% of the deposit amount.

**BEFORE THE DEBTS RECOVERY TRIBUNAL**

At \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Case No: \_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_

                                        **In the matter of :**

                                       \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                                       \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                                      \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  . . . . . . . . . . . . . . . . . . . . . . . . . . .Applicant

#                                        Vs

                                     \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                                     \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                                     \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ . . . . . . . . . . . . . . . . . . . . . . . . . . .  Respondent**(See Rule 4)**

*Application under Section*19 *of the Recovery of Debts Due to Banks and Financial Institutions*1 *[Act]*1993.

                                    For use in Tribunal's Office

                                   DATE OF FILING

                                   DATE OF RECEIPT BY POST

                                   OR

                                   REGISTRATION  NO                                                                                                               *Signature*

                                                                                                                                                                                    *Registrar*

**IN THE DEBT RECOVERY TRIBUNAL**

**(Name of the place)**

                              BETWEEN

                               A B                                                                                                                 Applicant.

                              AND

                             C D                                                                                                                  2 [Defendant]

                             \* Delete whichever is not applicable

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**DETAILS OF APPLICATION**

**1. Particulars of the applicant:**

                                       (i) Name of the applicant,,

                                      (ii) Address of Registered Office

                                      (iii) Address for Service of all notices,

                   **2. Particulars of the 1 [defendant] .'**

                                       (i) Name of the 1[defendant].

                                       (ii) Office address of the l[defendant]

                                       (iii) Address for service of all notices.

**3. Jurisdiction of the Tribunal:**

                       The applicant declares that the subject matter of the recovery of debt due falls within the jurisdiction of the Tribunal.

**4. Limitation:**

                      The applicant further declares that the application is within the limitation prescribed in Section 24 of the Recovery of Debts Due to

                      Banks and Financial Institution 2[Act], 1993.

**5. Facts of the case:**

                       The facts of the case are given below:-

                       (Give here a concise statement of facts in a chronological order, each paragraph containing as nearly as possible a separate

                         issue,  fact or otherwise)

**6. Relief(s) sought:**

                       In view of the facts mentioned in Para 5 above, the applicant prays for the following relief(s):-

                       [Specify below the relief(s) sought explaining the ground for relief(s) and the legal provisions (if any) relied upon]

**7. Interim order, if prayed for:**

                       Pending final decision on the application, the applicant seeks issue of the following interim order:-

                       {Give here the nature of the interim order prayed for with reasons)

**8. Matter not pending with any other court, etc.:**

                      The applicant further declares that the matter regarding which this application has been made is not pending before  any court

                      of law or  any other authority or any other Bench of the Tribunal.

**9. Particulars of Bank Draft/Postal Order in respect of the application fee:**

                       1. Name of the Bank on which drawn

                       2. Demand Draft No.

**OR**

                     1. Number of Indian Postal Order{s)

                     2. Name of the. issuing Post Office ~

                             3.  Date of issue of Postal Order(s)

                             4.  Post Office at which payable.

 **10. Details of Index:**

                      An index in duplicate containing the details of the documents to be relied upon is enclosed.

**11. List of enclosures.**

**Place**

        **Date**                                                                            **Signature of the applicant**