

## **Govt banks start e-auction of property of loan defaulters**

In view of mounting bad debts, government banks have started e-auction of properties of defaulting customers.

"In line with the instructions from government, public sector banks (PSBs) have already finalized the service providers for e-auctions and many banks have started conducting e-auctions of immovable properties under SARFAESI Act," minister of state for finance Namo Narain Meena said on Friday in response to a Parliament question.

Meena said the issue was discussed during the meeting of general managers of all public sector banks, held on November 1, 2012 where PSBs were advised to carry out e-auctions of immovable properties, under the Securitization and Reconstruction of the Financial Assets and Enforcement of Security Interests Act 2002 (SARFAESI Act)

The e-auction mode was preferred as the government thinks this will be free, fair and transparent.

The PSBs are facing a crisis of loans turning bad due to the macro-economic situation in the country. Bad loans of these banks have gone up from Rs 94,000 crore in 2011 to Rs 1.70 lakh crore as on September 2012.

Lower growth and high interest rates are the reasons for substantial increase of non-performing assets of these PSU banks, the government had earlier told Parliament.

The government had also advised PSU banks to take new initiatives to increase the pace of recovery and manage NPAs. Among the steps taken were appointment of a nodal officer for recovery, to conduct special drives for recovery of loss assets, to put in place early warning system and to replace system of post dated cheques with electronic clearance system.

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