INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., The American Economic Association's electronic bibliography, EconLit, U.S.A., EBSCO Publishing, U.S.A., Index Copernicus Publishers Panel, Poland, Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)] as well as in Cabell's Directories of Publishing Opportunities, U.S.A.

Circulated all over the world & Google has verified that scholars of more than Hundred & Twenty One countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

www.ijrcm.org.in

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses: infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '_____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/ Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT:** Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT:** The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES:** These should be simple, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

PROCESS, PROVISIONS AND BENEFITS OF SECURITIZATION - AN EMPIRICAL STUDY

DR. S. MURALIDHAR
PROFESSOR & HEAD
DEPARTMENT OF COMMERCE & MANAGEMENT
GOVERNMENT COLLEGE FOR BOYS
KOLAR

N. L. VIJAYA
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE & MANAGEMENT
GOVERNMENT COLLEGE FOR WOMEN
KOLAR

ABSTRACT

Indian banking industry has undergone a major transition after economic liberalization and hence credit management through securitization. Securitization a Financial innovation provides an essential impetus for a more efficient allocation of capital and offers issuers more flexibility to create securities with distinct risk-return profiles across the maturity structure to facilitate the unbundling, transformation and diversification of financial risks associated with various types of illiquid assets. This customization of risks according to the preferences and tolerances of agents improves the capacity of the financial system to bear risk and intermediate capital. In emerging market countries, securitization can also support local capital market development, facilitate investments in largely unexplored areas of economic activity, and expand the spectrum of financing options to finance consumer deficits.

KEYWORDS
Banking, NPAs, Risk, Securitization.

INTRODUCTION

Banking industry in India is witnessing a major transition on the back of a booming economy led by continuous economic reforms and policies. Moreover transition has benefited Indian banking industry with greater autonomy to tap growth opportunities. This has resulted in improvement in efficiency and development of the entire financial system of the country. One of the most prominent developments in banking sector in recent decades and the one that is likely to assume even greater importance in future is securitisation. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI) provides for the enforcement of security interests in movable (tangible or intangible, including accounts receivable) and immovable property without the intervention of court, by way of a simplistic, expeditious and a cost effective process.

SECURITIZATION

It is the process of conversion of homogeneous existing illiquid assets or future cash flows into marketable securities. In other words, securitization deals with the conversion of assets which are not marketable into marketable ones. In other words taking possession of secured assets by the bank (originator) and sell them without the intervention of the court.

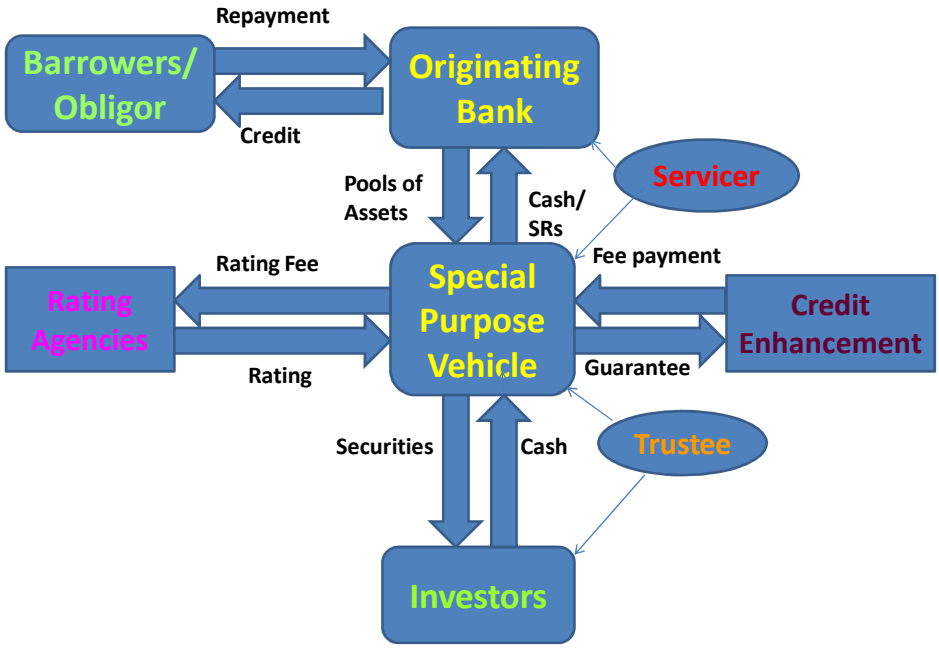

Fig.1 Process of Securitization

PROCESS OF SECURITISATION

- **The Obligor(s):** Borrower of the original loan from banks /FIs.
- **The Originator:** is the bank which is given the loan and on whose books the assets to be securitized exist and is the prime mover of the deal.

- **The SPV/SC/ARC:** The SPV buys the assets to be securitized from the Originator, holds the assets in its books Assets purchased can be sold to outsiders to secure maximum price or it can covert these assets into marketable securities and issues the bonds/security paper to qualified institutional buyers (QIB's).
- **The Investors:** The investors are qualified institutional buyers (QIB) like financial institutions (FIs), mutual funds, pension funds; insurance companies, etc buy security papers/bonds issued by SPV, and receive their payments in the form of interest and principal as per an agreed pattern.
- **The Rating Agency:** will rate the bonds /certificates issued by SPV.
- **Administrator or Servicer:** collects the payment due from the Obligor(s) and passes it to the SPV.
- **Agent and Trustee:** looks after the interests of the investors and it oversees that all the parties involved in the securitisation transaction perform in accordance with the securitisation trust agreement.
- **External Credit Enhancements:** To improve the credit profile of the instruments external credit enhancements such as surety bonds, third-party guarantees, letters of credit (LC) etc. are provided.
- **Structurer:** Normally, an investment banker is responsible for bringing all the parties to a securitisation deal. He also helps in structuring the deals along with the Originator.

PROVISIONS OF SECURITIZATION ACT

The Securitisation Act contains provisions to provide for the following:

a) Registration and regulation of securitization companies or reconstruction companies by the Reserve Bank of India (RBI)
b) Facilitating securitisation of financial assets of banks or reconstruction with or without the benefit of underlying securities
c) Facilitating easy transferability of financial assets by the Securitization Company or Reconstruction Company to acquire financial assets of banks and FIs by issue of debentures/bonds or any other securities in the nature of a debenture.
d) Empowering securitization companies/reconstruction companies to raise funds by issue of security receipts to qualified institutional buyers
e) Facilitating reconstruction of financial assets acquired by exercising powers of enforcement of securities or change of management or other powers which are proposed to be conferred on the banks and FIs.
f) Declaration of any securitization company or reconstruction company registered with the RBI as a public financial institution for the purpose of section 4A of the Companies Act, 1956.
g) Defining "security interest as any type of security including mortgage and charge on immovable properties given for due repayment of any financial assistance given by any bank or FIs.
h) Empowering banks and financial institutions to take possession of securities given for financial assistance and sell or lease the same or takeover management in the event of default, i.e. classification of the borrowers account as NPA in accordance with the directions given or under guidelines issued by the RBI time to time.
i) The rights of a secured creditor to be exercised by one or more of its officers authorized in this behalf in accordance with the rules made by the Central Government.
j) An appeal against the action of any bank or FIs to the concerned Debt Recovery Tribunal and a second appeal to the Appellate Debt Recovery Tribunal.
k) Setting up or causing to be set up a Central Registry by the Central government for the purpose of registration of transactions relating to securitization, asset reconstruction and creation of 'security interest'
l) Application of the proposed legislation initially to banks and FIs and empowerment of the Central government to extend the application of the proposed legislation to non-banking financial companies and other entities.
m) Non- application of the proposed legislation to security interests in agricultural lands, loans not exceeding Rs.1, 00,000 and cases where 80% of the loans are repaid by the borrower.

BENEFITS OF SECURITIZATION: (TO THE ORIGINATOR, BANKS/FI)

1. **Asset liability mismatch:** To reduce the mismatch, banks can remove their long term assets from the balance sheet by securitization. This helps them hedge their interest rate exposure.
2. **Increasing liquidity of the asset portfolio:** The bank was holding a very illiquid asset portfolio of long term mortgages and no excess reserves, it is exposed to potential liquidity shortages and becomes difficult to meet large unexpected demand deposit withdrawals. Sale of these assets under securitization helps to increase liquidity in banks.
3. **Important source of fee income:** Even after the sale assets, the bank continues to service the mortgages and passes on the principal and interest payments on the mortgages to the investors in securities issued against these mortgages via a SPV. It charges a servicing fee for this effort.
4. **New source of financing:** Securitization has helped the bank receive the cash immediately.
5. **Reallocation of risks:** it helps in reallocation of risks as it transfers the credit risk of the portfolio to the investors
6. **Improves operating leverage and return on capital:** by converting an on-balance-sheet lending business in to an off-balance-sheet fee income stream that is less capital intensive.
7. It also allows a bank to deepen its relationships with several corporate without committing additional capital.

BENEFITS OF SECURITIZATION TO INVESTORS

1. **Flexibility of bond characteristics:** It helps in customizing bond characteristics like the tenor and cash flows to suit investor preferences.
2. **Efficient pricing**: Since financing operations are securitized continuously by several parties viz, originators, investment banks, rating agencies, dealers and investors, risks tend to become increasingly transparent and pricing tends to be more efficient.
3. **Protection against credit rating downgrading**: Due to the structuring of the process there is a very low probability of the credit rating being downgraded thus protecting the investors from credit risks.
4. **Decoupling with Originator:** The investor is insulated from the credit profile of the Originator. This separation of the Originator and the investor helps at the time of bankruptcy or default or credit downgrades.
5. **Access to retail risk:** Securitization offers an access to consumer risk thereby providing an opportunity to the investors to further diversify their portfolio.

REVIEW OF LITERATURE

1. Dharmalingam Venugopal stated that The main contention of the defaulters was that the SARFAESI Act was one-sided and had vested the banks and the financial institutions with arbitrary powers in dealing with defaulters; that the Act did not take into account lender's liability and provide safeguards against irresponsible action by the lenders; and that the conditions under which an appeal was allowed were too stiff and unfair. A Fair Practices Code with regard to lender's liability has since been introduced.

2. Mr.Sumant Batra opined that till recent past, corporate borrowers even after defaulting continuously never had any real fear of bank taking any action to recover their dues despite the fact that their entire assets were hypothecated to the banks. This is because there was no legal Act framed to safeguard the real interest of banks. With the legislatures having given their mind in enforcement of security, the sun probably would shine on the NPAs-ridden Indian banks. Enactment of SARFESI Act, 2002 is evident for this drawing this assumption.

This paper pointed out that while NPA cannot be eliminated, but can only be contained, it has to be done not at a heavy cost of provisioning and increasing the portfolio of credit. Along with recovery fresh inflow of NPA should be brought down at a level much less than the quantum of its exit. If this specific goal is reached, there is an eventual solution for this problem.

OBJECTIVES OF THE STUDY

1. To examine the various provisions, process and benefits of the SARFAESI (Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest) Act 2002 with special emphasis on reduction of NPAs in banks.
2. To analyse the impact of securitization on Recovery of NPAs of banks.

METHODOLOGY

Secondary Data: 8years data relating to NPAs and Recovery of NPAs under Securitization Act of select banks were collected for the purpose of analysis. Sources of secondary data includes various journals, research papers, magazines, Annual reports of banks, RBI reports and website and extract of NPAs provided by the banks.

Sampling technique: Judgment Sampling Technique was instituted to select the banks for the study.

Sample size: Using judgment, 10 public sector banks were selected for the purpose of the study having their branches across the country. The banks chosen for the purpose of the study are: State bank of Mysore, Central bank of India, Corporation bank, State bank of India, Oriental bank of Commerce, Syndicate bank, Punjab and Sind bank, Punjab national bank, Allahabad bank, Dena bank.

TABLE-1: NON-PERFORMING ASSETS OF SELECT BANKS FOR THE FINANCIAL YEAR 2003-10 (RS.IN CRORES)

Fin.Yr	State bk of Mysore	Central bk of India	Corpo Ration bk	State bk of India	Oriental Bk of Comm.	Syndi-cate bk	Punjab & Sind bk	Punjab National bk	Allaha-bad bk	Dena bk
2003	562.01	3244	3244	12085.31	1146.26	1420.17	1246.89	4455.05	1841.5	1616.58
2004	514.52	3092	3092	12667.21	1213.73	1589.92	1203.51	4199.17	1418.46	1484.01
2005	415.37	2621	2621	12455.73	2512.82	1432.78	1197.41	3356.19	1284.27	1147.54
2006	398.13	2684	2684	10375.76	2116.31	1506.36	941.50	2820.52	1183.83	949.4
2007	383.76	2572	2572	9998.22	1454.05	1559.81	290.84	3081.38	1093.59	744.48
2008	359.00	2350	2350	12837.34	1280.10	1768.65	135.53	3021.46	1010.51	572.60
2009	367.61	2317	2317	15714.00	1058.12	1594.54	161.04	2506.90	1078.25	620.77
2010	595.26	2458	2458	19534.89	1468.75	2006.82	206.15	3214.41	1221.80	641.99

Source: Annual reports of banks and extract of NPAs & Recovery given by banks

TABLE-2: RECOVERY OF NPAS UNDER SARFAESI ACT, 2002 OF SELECT BANKS FOR THE FINANCIAL YEAR 2003-10 (RS.IN CRORES)

Fin.Yr	State bk of Mysore	Central bk of India	Corpo Ration bk	State bk of India	Oriental Bk of Comm.	Syndi-cate bk	Punjab & Sind bk	Punjab National bk	Allaha-bad bk	Dena bk
2003	4.17	25.29	17.27	49.10	30.83	30.24	20.06	53.91	12.30	17.84
2004	9.62	85.68	18.66	150.23	86.66	47.91	43.93	200.00	24.42	45.80
2005	2.52	54.78	40.14	169.71	134.45	55.95	31.79	297.01	45.22	29.36
2006	12.48	88.15	70.84	176.80	120.07	84.46	125.35	330.04	50.31	121.96
2007	15.73	171.18	94.95	210.46	123.05	142.95	142.00	350.53	90.43	134.24
2008	20.42	207.28	155.94	239.41	103.93	138.24	164.36	375.98	69.07	113.97
2009	17.65	171.48	158.08	238.36	117.66	129.80	150.46	450.25	108.15	108.47
2010	298.55	227.63	104.45	502.03	69.70	206.17	79.51	856.18	249.95	103.42

Source: Annual reports of banks and extract of NPAs & Recovery given by banks

TABLE-3: PERCENTAGE OF INCREASE IN RECOVERY OF NPAS OF SELECT BANKS (TAKING 2003 AS BASE)

Fin.Yr	State bk of Mysore	Central bk of India	Corpo Ration bk	State bk of India	Oriental Bk of Comm.	Syndi-cate bk	Punjab & Sind bk	Punjab National bk	Allaha-bad bk	Dena bk
2003	100	100	100	100	100	100	100	100	100	100
2004	231	339	108	306	281	158	219	371	197	257
2005	60	217	232	346	436	185	158	551	368	165
2006	299	349	410	360	389	279	624	612	367	684
2007	377	677	550	429	399	473	708	650	735	752
2008	490	820	903	488	337	456	819	697	562	639
2009	423	678	915	485	381	429	750	835	879	608
2010	7146	900	605	1022	226	681	396	1588	2032	580

Source: Annual reports of banks and extract of NPAs & Recovery given by banks

It is observed that the percentage of Recovery of NPAs under Securitization Act of all the selected 10 public sector banks was increased over the years (except in case of SBM during 2005 it is reduced by 40%). As the recovery of NPAs is increasing this Act has positive impact on the banking sector in reduction of NPAs of banks.

FINDINGS

1. Before the enactment of the Securitisation Act the banker had limited options for recovery which consisted of having an intensive follow-up and interaction with the borrower and initiating legal actions either through courts or Debt recovery tribunals.
2. The Securitisation Act empowers Banks/FIs to change or takeover the management/possession of secured assets of the defaulting borrowers & sell or lease out the assets without the intervention of the court.
3. The measures to tackle the NPAs adopted by the bank post- Securitisation Act include:
   -Issuing notices as per the SRFAESI Act and wait for 60 days
   -Issue possession notice after 60 days and initiate steps to take physical possession of securities
   -Sell the securities and adjust the amount to the NPAs.
4. The Securitisation Act is not applicable in case of agricultural properties.

5. The act is not applicable to any security interest for securing repayment of any financial asset not exceeding one lakh rupees.
6. As per the Securitisation Act the role of the Court was limited to Challenge the measures under Section 13(4), by way of Appeal, that too on deposit of 75% of amount claimed on the notice under section 13(2) of the Act.
7. Although the Securitisation Act empowers banks/FIs to seize the secured assets of the defaulting borrowers without the intervention of the courts, borrowers are still able to get the proceedings under the act stayed by appealing in civil courts and DRTs.
8. Despite the many issues of concerns in the implementation of the overall the Act has been a boon for the banking community.
9. Majority of the bankers opined that the act was helpful in the reduction of NPAs.
10. However, recently the Supreme Court in the case of Mardia chemicals has struck down the clause in the act that allows the borrower to seek legal redress only upon paying 75% of the claimed amount to the lending bank as unconstitutional.
11. This Supreme Court decision is viewed as a threat to the effective implementation of the act by the banking community as it enables borrowers to make appeals on flimsy grounds without depositing any amount with the lender bank.

CONCLUSION

The Securitization Act is a fine, comprehensive piece of legislation. Enactment of the Act was seen as a panacea to the entire problem of NPAs. The banks are euphoric about the Act and are taking swift actions by issuing notices to the defaulting borrowers. Defaulting borrowers who were not responding previously started responding favorably and cash recoveries became a reality. It can be concluded that overall the Act has empowered the banks with additional powers for recovery and facilitated the reduction of NPAs of banks.

REFERENCES

1. Bhargavi Bharatam-"An exploratory study on the impact of the securitization and reconstruction of Financial Assets and enforcement of security interest Act-2002 on the Non-performing assets of banking sector" Research project, MP Birla Institute of Management,2004
2. Dharmalingam Venugopal, Securitisation Act: "Lender's right and liability"- business line May 7, 2004.
3. Lakshmi Mohandas, Associate Economic Laws Practice, "securitization, market trends", 2005.
4. Rajarshi Roy and Partha Sinha, "Chances of NPA recovery in banking limited"- Times of India, Bangalore, June7, 2004.
5. "Securitization, Asset Reconstruction & Enforcement of security Interest" --by - Vinodh Kothari, 2005.
6. Sumant Batra Developing the Asian Markets for Non-Performing Assets: Developments in India", 3rd Forum on Asian Insolvency Reform, 10-11 November 2003 Seoul, Korea

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals