

(b) whether CPC has raised demands in the IT returns where refund was due; and

(c) the details of total expenditure incurred for CPC at Bangalore during 2008-10?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. Centralized Processing Centre at Bangalore is performing successfully. Till date, 26.99 lakh returns have been processed and over 3 lakh refunds have been issued at the Centralized Processing Centre, Bangalore.

(b) The Centralized Processing Centre is processing returns as per the provisions of the Income Tax Act. In a few cases of refund claim, after processing, the final computation has resulted in a demand. This could be because of incorrect reporting, a wrong claim or a mismatch in tax payments or tax deducted at source (TDS).

(c) The total expenditure for Centralized Processing Centre, Bangalore for the Financial Year 2009-10 (the first year of operation of Centralized Processing Centre) was Rs. 4.57 crores. This consists of mainly office expenses, rent/rates and salaries, etc. to the departmental employees.

#### **Seizure of assets of defaulting borrowers**

896. SHRIMATI SHOBHANA BHARTIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government plans to amend existing laws to facilitate the seizure of assets from defaulting borrowers to help banks reduce their Non-Performing Assets (NPAs) which are on the rise after the recent economic downturn;

(b) if so, the details of any such instructions/guidelines issued by Government to the banks; and

(c) to what extent will the recent instructions/guidelines help in reducing the rising NPAs of the banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 was enacted to regulate securitisation and reconstruction of financial assets and enforcement of security interest and for matters connected thereto. The Act enables the banks and financial institutions to realize long-term assets, manage problems of liquidity, asset liability mis-match and improve recovery by exercising powers to take possession of securities, sell them and reduce non-performing assets by adopting measures for recovery or reconstruction. The Act was amended in November, 2004 in view of the Supreme Court judgement in the case of Mardia Chemicals Ltd. vs Union of India.

Recently, Indian Banks' Association (IBA) has suggested a few amendments to the Act, which are being examined in consultation with Reserve Bank of India.