1.	*SECURITISATION:*
	Means acquisition of FA's by any reconstruction company from any originator by raising
	Funds by such companies from QIB's by issue of security receipt.
	In short securitisation is method adopted by BFI for raising funds by way of selling
	Receivables for money. However, these receivables are illiquid because these are NPA.
2.	*REGISTRATION OF ARC:*
	ARC can commence business after obtaining certificate of registration and shall have
	Net owned fund of not less than 100 crore or such higher amount as specified by RBI
	Following conditions are to be fulfilled before granting:
i.	*Not incurred losses in 3 Preceding FY.*
ii.	*ARC has made adequate arrangements for realisation of FA acquired, shall be able to*
	Pay periodic return and redeem on respective due dates the investment made in co.
iii.	*Directors have adequate professional experience.*
iv.	*None of the director convicted in any offence involving moral turpitude.*
v.	*That sponsors are fit and proper*
vi.	*That ARC has complied with or in position to complied with prudential norms specified*
vii.	*If RBI not satisfied then may reject application after ROBH*
viii.	*Decision of RBI shall be final and binding.*
ix.	*Once registered as ARC, must obtain prior approval of RBI for substantial change In*
	Management, change in address of registered office, change in its name.
3.	*CANCELLATION OF REFISTRATION CERTIFICATE:*
i.	*Ceases to carry on business*
ii.	*Ceases to hold investments from QIB*
iii.	*Failed to comply with RBI Direction*
iv.	*Failed to comply with any condition*
v.	*Failed to maintain proper books of accounts*
vi.	*Failed to submit report of inspection of its BOA*
vii.	*Failed to obtain approval of RBI*

4.	*SECTION 5: ACQUISITION OF RIGHTS/ INTEREST IN FA'S*
	i. ARC may acquire from BFI as per terms and conditions.
	ii. Now ARC shall deemed to be lender & all rights shall vest in ARC
	iii. If BFI holding any rights, now it shall vest in ARC
	iv. Any suit/appeal against FA's shall not abate.
	v. ARC with consent of BFI, can file an application to DRT/DRAT for substitution of
	Name.
5.	*SECTION 5A: TRANSFER OF PENDING APPLICATION*
	In case of group finances and they have approached or filed suit in their jurisdictional
	DRT's for non-payment then they transfer the FA to ARC. In such cases ARC may apply to
	DRAT having jurisdiction over any DRT that all pending cases/applications to be merged
	Into one & be now pending before any DRT, as it thinks fit. DRAT after ROBH,shall pass
	Necessary order.
6.	*SECTION6: NOTICE TO OBLIGATOR:*
	BFI shall inform the obligator that the FA has been transferred to ARC and payment shall
	Be made to concern ARC.
7.	*SECTION 9: MEASURES FOR ASSET RECONSTRUCTION*
	i. Proper management takeover of management of borrowers business
	ii. Sale/ Lease of whole or part of business.
	iii. Rescheduling of payments of debts.
	iv. Settlement of dues by borrowers.
	v. Taking possession of secured asset
	vi. Enforcement of security interest
	vii. Conversion of debts into shares of borrowers
8.	*SECTION 10: OTHER FUNCTIONS OF ARC- ARC may act as :*
	i. Recovery agent
	ii. A manager
	iii. A receiver if appointed by court
	However, ARC cannot commence/ carry on any business without approval of RBI

9.	*SECTIOIN 9 : RESOLUTION OF DISPUTE:*
	Any dispute between BFI/QIB/ARC relating to securitisation/non-payment/reconstructio
	Shall be settled by Conciliation or Arbitration as provided in arbitration & conciliation act
10.	*SECTION 12/12A/12B: POWERS OF RBI*
	i. Section 12: to determine policies and issue directions relating to income
	Recognition, accounting standards, provisions of bed &doubtful debts, capital
	Adequacy based on risk, weighted asset, specific instruction to particular ARC
	ii. Section 12A: To call for information & statements from ARC as required.
	iii. Section 12B: To carry out audit and inspection. if RBI satisfied that the business is
	Being conducted in pre-judicial manner then it may remove chairman or any
	Director; it may appoint additional director & its officers to act as observer.
11	*ENFORCEMENT OF SECURITY INTEREST:*
	i. Security interest can be created in favour of secured creditor w/o intervention of
	Court/ Tribunal
	ii. Can be created only if the asset is NPA.
	iii. After becoming NPA, secured creditor shall **send a notice** *in* **writing** *to discharge*
	His liability in full within 60days from date of notice.
	iv. The notice shall give details of amount payable & secured asset intended to be
	Enforced.
	v. If borrower raise any objection, secured creditor shall consider the same & if he
	Comes to the conclusion that such representation is not acceptable, he shall
	Communicate within 15days of receipt of such objection, the reason of
	Non-acceptance
	vi. No further appeal by borrower is possible.
	vii. If borrower fails to discharge his liability in full within the above specified period,
	The following measures can be taken by secured creditor:
	a. Take Possession of secured asset
	b. Take over the management
	c. Appoint any person as manager to manage secured asset
	d. Demand Notice to 3rd person who has acquired the secured asset
	NOTE: Requirement of classification of debts as NPA is not applicable when borrower
	Company had raised money through debts instrument.
	In case of group finance, secured creditor can enforce security interest only if secured
	Creditor holding 60% of value of o/s amount agreed for

12.	*SECTION 15: MANNER & EFFECT OF TAKEOVER OF MANAGEMENT*
	i. Shall publish in at least 2 newspaper (English + Local)
	ii. On publication all existing directors or administrators shall be deemed to have
	Vacated their office
	iii. It will not be lawful for the SH's to appoint the directors
	iv. No resolution to be passed without approval of secured creditor
	v. No proceeding of winding-up shall lie with court except with consent of secured cr
	vi. Secured creditor bound to restore once debt is realised.
13.	*SECTION 17: APPLICATION AGAINST MEASURE TO RECOVER SECURED ASSET*
	i. Any aggrieved person within 45 days
	ii. Shall be filed with DRT within local limits of whose jurisdiction cause of action arise
	Where secured asset is located or where branch of BFI maintaining account
	iii. If DRT comes to an conclusion that measure taken is not in acc with any law then:
	a. Declare measure invalid
	b. Restore possession of secured asset
	c. pass such direction as necessary
	iv. application shall be disposed within 60days. May extend after recording reason in
	Writing. However total period shall not exceed 4 Months
14.	*SECTION 18: APPEAL TO APPELLATE TRIBUNAL (DRAT)*
	i. Within 30days of order of DRAT
	ii. No appeal entertained unless deposit 50% of debt due. DRAT may reduce it to
	0 to 25%
15.	*SECTION 18B: APPEAL TO HIGH COURT*
	Any borrower residing in J&K and aggrieved by order of district court then within 30 days
	May appeal to high court