

Creation and Enforcement of Security Interest by Banks and Financial Institutions Bill, 2001

A Bill to codify and consolidate law and practice relating to creation of security interest, and enforcement thereof by banks and financial institutions without intervention of Court and for matters connected therewith or incidental thereto.

Be it enacted by Parliament in the Fifty Second Year of the Republic of India as follows:

CHAPTER I

1. Short title, extent and commencement :

- (1) This may be called the Creation and Enforcement of Security Interest by Banks and Financial Institutions Act, 2001.
- (2) It extends to whole of India.
- (3) All or any part of the provisions of this Act shall come into force on such dates and in such areas as the Central Government may by notification in the Official Gazette specify.

2. Definitions :

- (I) In this Act, unless there is anything repugnant in the subject or context -
 - (a) ‘bank ‘ means –
 - (i) a banking company
 - (ii) a corresponding new bank
 - (iii) State Bank of India
 - (iv) a subsidiary bank or
 - (v) a Regional Rural Bank
 - (b) “banking company” shall have the meaning assigned to it in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949)
 - (c) “borrower” means a person who has availed financial assistance from any bank or financial institution and/or who has furnished or created any security interest in or upon any property as security for such financial assistance.
 - (d) “corresponding new bank” shall have the meaning assigned to it in clause (da) of section 5 of the Banking Regulation Act, 1949 (10 of 1949).
 - (e) “Debt Recovery Tribunal” means the Tribunal established under sub-section (1) of section 3 of Recovery of Debts due to Banks and Financial Institutions Act, 1993 (51 of 1993).
 - (f) ‘Default’ means a default in payment of principal and/or interest or any other dues payable by a borrower to any secured creditor consequent whereupon the borrower’s account is categorised as non-performing asset in the books of the secured creditor in accordance with Reserve Bank of India guidelines or such other guidelines as may be applicable to classification of assets.

Provided that if the secured creditor has reason to believe that financial assistance has been obtained by any borrower dishonestly or fraudulently or by any other illegal means, such financial assistance may be treated as default prior to categorisation as non-performing asset.

- (g) “Financial assistance” means any of the following facilities given by any secured creditor or any consortium or group of secured creditors (i) loan or advance granted, or (ii) debentures or bonds subscribed, or (iii) guarantees, or letters of credit issued or any other commitment made which may give rise to any pecuniary liability, or (iv) interest, fees, commitment charges or other charges for such financial assistance referred in sub-clause (i) to (iii) above.
- (h) ‘Financial institution’ means :
 - (i) a public financial institution as defined by section 4A of the Companies Act, 1956 (1 of 1956);
 - (ii) International Finance Corporation referred to in the International Finance Corporation (Status Immunities & Principles) Act, 1958;
 - (iii) any non-banking finance company registered by the Reserve Bank of India under Chapter IIIB of the Reserve Bank of India Act, 1934; and
 - (iv) such other institution or class of institutions as the Reserve Bank of India may by notification in the Official Gazette specify as financial institution for the purpose of this Act.
- (i) ‘Hypothecation’ means a charge in or over *any* movable property, whether tangible or intangible, present or future, created by a borrower without delivery of possession of the property, whether actual or constructive, as a security for financial assistance and includes floating charge and crystallization of such charge into fixed charge on movable property but does not include pledge of movables as defined in Section 172 of the Indian Contract Act, 1872 (9 of 1872).
- (j) ‘prescribed’ means prescribed by rules made under this Act.
- (k) ‘Property’ means :
 - (a) Immovable property;
 - (b) Movable property;
 - (c) Any debt or receivable or other right to receive payment of money whether unsecured or secured and includes any receivable which is conditional or contingent upon happening of any event or accruing in future.
 - (d) All rights of any kind and nature, present and future, in and to all contracts, copyrights, designs patents and general intangibles.
- (l) “Regional Rural Bank” means Regional Rural Bank established under Section 3 of the Regional Rural Banks Act. 1976 (21 of 1976).
- (m) ‘Regulatory Authority’ means any authority or entity as may be so designated under Section 5(2) for the purpose of this Act by the Central Government by a Notification in the official Gazette.

- (n) 'Security agreement' means an agreement, instrument or any other document or arrangement under which security interest is created in favour of the secured creditor including the creation of mortgage by deposit of title deeds.
- (o) 'secured assets' mean the property in or over which security interest is created.
- (p) 'secured creditor' means any bank or financial institution or any consortium or group of banks and/or financial institutions including :
 - (a) debenture trustee or security agents appointed by any bank or financial institution as debenture holder;
 - (b) special purpose vehicle involved in the securitisation of financial assistance,
 - (c) any specially created entity for assets reconstruction which has acquired receivables under any financial assistance with securities therefor, from any secured creditor or
 - (d) any trustee holding securities on behalf of banks and financial institution, in whose favour security interest is created for due repayment of any financial assistance by any borrower.
- (q) 'security interest' means right, title and interest of every kind and nature over property created in favour of secured creditor including any mortgage, charge hypothecation, assignment, lien, grant, indenture of trust, trust receipt, transfer or conveyance executed as security for financial assistance granted or to be granted to the borrower by the secured creditor save and except the security interest excluded by or under section 4.
- (r) "State Bank of India" means the State Bank of India constituted under Section 3 of the State Bank of India Act, 1955 (23 of 1955);
- (s) "subsidiary bank" shall have the meaning assigned to it in Clause (k) of Section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959).
- (2) Words and expressions used herein and not defined but defined in the Companies Act, 1956 [1 of 1956], Indian Contract Act 1872, (9 of 1872), or Transfer of Property Act, 1882 shall have the meanings respectively assigned to them in those Acts.

3. Creation of security interest :

- (1) Security interest over any property may be created by any security agreement or arrangement to secure any financial assistance granted by a secured creditor.
- (2) Any security interest created in favour of a secured creditor before or after commencement of this Act shall be enforceable under this Act.
- (3) Subject to the provisions of section 4, this Act shall apply to creation of any security interest in or over any property and enforcement thereof by any

secured creditor notwithstanding anything contained in section 69 of the Transfer of Property Act, 1882.

- (4) Any arrangement or writing relating to creation of security interest may provide for right of the borrower to sell, assign, transfer, exchange or otherwise deal with or dispose of the secured assets, which are finished products, consumer goods or stocks-in trade, or any by-product, without the approval of the secured creditor subject to provisions of this Act.

Provided that any such disposal of the secured assets by the borrower in the ordinary course of business for value to a purchaser with or without notice of any security interest, shall be valid and pass title to the property sold free of any encumbrance.

4. Act not applicable in certain cases.

Provisions of this Act shall not apply to the security interests and other transactions mentioned in the Schedule to this Act.

Provided that Central Government may by Notification in the Official Gazette

- (a) ***delete or add any category of security interest from or to Schedule I or***
(b) ***vary the ceiling of financial assistance stated in clause (b) of the Schedule to the Act.***

CHAPTER II REGISTRATION OF SECURITY INTERESTS

5. Central Registry :

- (1) Without prejudice to the provisions contained in the Registration Act, 1908 (16 of 1908), the Companies Act, 1956 (1 of 1956), Merchant Shipping Act, 1958 (44 of 1958), Patents Act, 1970 (39 of 1970), Motor Vehicles Act, 1988 (59 of 1988), or Designs Act, 2000 (16 of 2000) or any other similar enactment requiring registration or filing of charges thereunder, there shall be a Central Registry for the purpose of recording notice of security interest from the secured creditor and for information in such manner and on payment of such fees or charges, as may be prescribed.
- (2) The Central Government may by Notification in the Official Gazette appoint any of the existing Regulatory authority as a Regulatory authority for the purpose of
- (i) grant of authorisation to any company to set up Central Registry and its offices at such places as deemed necessary and
 - (ii) for regulation, control and supervision of such registries.
- (3) The format of notice of security interest referred to in sub-section (1) the manner of recording such notice of security interest and the nature of records to be maintained by the Central Registry in this regard shall be as may be prescribed.

- (4) The Regulatory Authority may authorise any company registered under the Companies Act, 1956 (Act 1 of 1956) to provide and maintain a Central Registry on satisfaction of such conditions as may be prescribed for such authorisation.
- (5) Authorisation granted under sub-section (4) shall be subject to such conditions as may be stipulated by the Regulatory Authority and shall be in such form as may be prescribed.
- (6) Every application for grant of authorisation under sub-section (4) shall be in such form and manner as may be prescribed.
- (7) Regulatory Authority may, by order, refuse to grant the authorisation under sub-section (4) and if granted, may suspend or cancel it in such manner as may be prescribed :-

Provided that no authorisation shall be refused, suspended or cancelled under this section unless the Company has been given a reasonable opportunity of being heard.

- (8) Central Registry shall become effective from such date (effective date) as may be notified by the Central Government in the Official Gazette.

- 6. (1) From the effective date notified under sub-section (8) of Section 5, any secured creditor may file notice of security interest created in his favour in such form as may be prescribed, with the Central Registry within whose geographical area the secured creditor or the borrower has his registered or head office or residence in the case of an individual.
- (2) A secured creditor may file notice of security interest created by any borrower before the effective date with the Central Registry within six months or such further period as may be notified by the Central Government in the Official Gazette and duly notify the borrower about the lodgement of notice of security interest with the Central Registry.
- (3) Any registration of notice of security interest by the Central Registry may be satisfied on full payment and discharge of all obligations, or modified by the secured creditor whenever the terms and conditions or the extent of operation of any such security interest is modified.
- (4) (i) Any dispute relating to registration of notice of security interest, its satisfaction or modification, may be referred to the Debt Recovery Tribunal by the borrower or secured creditor or any person interested in the secured properties.
- (ii) The Debt Recovery Tribunal shall pass such orders as it deems fit after hearing the parties concerned.

- (5) *Any debtor, creditor or other person having an interest in the property of the borrower in respect of which notice of security interest is registered may require a secured creditor by a notice in writing to furnish to him further information relating to the security interest held by the secured creditor and on being satisfied about the interest of such person the secured creditor shall furnish the information required.*

7. For removal of doubts, it is hereby declared that :

- (a) it shall not be mandatory for either the secured creditor or the borrower to register the notice of security interest under the provisions of this Act and such non-registration shall not in any way affect the rights and obligations of the parties concerned in terms of the contract and the law governing creation and enforcement of such security interest;
- (b) registration of notice of security interest in the Central Registry by itself shall not constitute notice or knowledge to any person of the existence or contents of the notice or of the existence of security interest or the contents of any security agreement to which the registration relates;

Provided that if the security interest over such property is also registered under any other law for the time being in force, any sale of such property shall be subject to the law governing such security interest and registration thereof.

8. A secured creditor who opts not to register the notice of security interest under the provisions of this Act, shall not be entitled to exercise the rights conferred on him under the provisions of this Act for enforcement of the securities.

9. The provisions of this Act pertaining to the Central Registry shall be supplemental to the provisions contained in the Registration Act, 1908 (16 of 1908), Companies Act, 1956 (1 of 1956), Merchant Shipping Act, 1958 (44 of 1958), Patents Act, 1970 (39 of 1970), Motor Vehicles Act, 1988, and Designs Act, 2000 (16 of 2000) or any other law requiring registration of charges and shall not affect the priority of charges or validity thereof under the respective enactments.

CHAPTER III

ENFORCEMENT OF SECURITY INTEREST

- 10.** (1) Notwithstanding anything in any agreement including security agreement or arrangement or the Transfer of Property Act, 1882 or any other law for the time being in force, where any borrower, who is under a liability to a secured creditor under an agreement, makes any default in repayment of secured debt or any instalment thereof, then the secured creditor may require the borrower by notice in writing to discharge in full his liabilities to the secured creditor within **sixty** days from the date of notice failing which the secured creditor shall be entitled to take possession of the secured assets and sell them or take such other steps to recover the secured debt.
- (3) Any disposition of secured assets by the borrower otherwise than in the ordinary course of business made after the issue of notice under sub-section

(1) without prior written consent of the secured creditor, shall be deemed as transfer in violation of this Act.

Provided further that without prejudice to any action the secured creditor may take against the borrower for violation of provisions of sub-section (2), the borrower or any other person or entity receiving the sale proceeds shall hold the same in trust for the secured creditor.

11. Rights of secured creditor in case of default:

(1) Where a borrower makes any default in payment of any dues claimed under section 10, then, notwithstanding anything to the contrary contained in section 69 or section 69A of the Transfer of Property Act, 1882 (4 of 1882) or any other law for the time being in force or any agreement including security agreement, or arrangement, the secured creditor may exercise any or all of the following rights:

- (i) right to take possession as well as the right to transfer by way of lease, sale or assignment, the whole or any part of the secured assets;
- (ii) right to appoint a receiver of the secured assets or income of the secured assets or any part thereof with such rights and duties as may be specified by the secured creditor while appointing the receiver;
- (iii) right to require at any time or from time to time, by notice in writing any person from whom any money is due or may become due to the borrower, to pay the secured creditor forthwith upon the money becoming due, so much of the money as is sufficient to pay the secured debt.

Explanation : Any payment made by any person to the secured creditor pursuant to such requisition shall give him a valid discharge as if he has made payment to the borrower.

(2) (i) Right to take possession of the secured assets and to transfer the same by way of sale, lease or assignment shall be exercised by ***any officer of the secured creditors not below such rank or post as may be specified by the Central Government by general or special order in this behalf.***

(ii) ***The Central Government shall prescribe by rules guidelines to be observed by the secured creditors while exercising powers under this Act.***

(3) The receiver so appointed under sub-section (1) shall be deemed to be the agent of the borrower and shall have such rights and perform such functions as may be prescribed or set out in the letter of appointment issued by the secured creditor.

(4) Without prejudice to the provisions in sub-section(3), while appointing a receiver the secured creditor may commit any property to the possession,

custody or management of the receiver and confer upon him all such powers as to bringing and defending suits and for the realisation, management, protection, preservation and improvement of the property, the calculation of the rents and profits thereof, application and disposal of such rents and profits and the execution of documents as the owner himself has, or such of those powers as the secured creditor may think fit and proper.

- (5) Receiver shall be entitled to be paid remuneration for rendering the services at such rate as may be mutually agreed between the receiver and the secured creditor.
- (6) Any transfer of property made by the secured creditor or by the receiver on behalf of the secured creditors in exercise of the powers conferred on it by sub-section (1) shall vest in the transferee the rights in, or in relation to, the property transferred as if the transfer had been made by the owner of such property and consequent upon such transfer, the borrower or any other person who has given security on behalf of the borrower shall be absolutely debarred of his right to redeem such property.
- (7) Secured creditor shall have the same rights and powers with respect of goods manufactured or produced wholly or partly from goods forming part of the secured assets, as it had with respect to the original goods.
- (8) Where any action has been taken against a borrower under sub-section (1), all costs, charges and expenses which, in the opinion of the secured creditor, have been properly incurred by it as incidental thereto, shall be recoverable from the borrower and the money which is received by the secured creditor shall, in the absence of any contract to the contrary, be held by it in trust, to be applied, firstly, in payment of such costs, charges and expenses and secondly, in discharge of the dues of the secured creditor and the residue of the money so received shall be paid to the person entitled thereto in accordance with his rights and interests.
- (9) In joint financing by secured creditors, secured assets shall not be transferred by any secured creditor unless such transfer is agreed to by the secured creditors representing not less than three fourth in value of the amount outstanding to all the secured creditors as on a record date.

Explanation I : Record date for the purpose of this sub-section means the date agreed upon by the secured creditors representing majority in value of the amount outstanding on the day of determining the record date.

Explanation II : Amount outstanding will include principal, interest including funded interest and any other dues payable by the borrower to the secured creditor as per the books of the secured creditor.

- (10) Notwithstanding the provisions contained in this section, each secured creditor shall be at liberty to take such other action or proceeding, as it may deem fit and proper to recover its dues from the borrower.

- (11) Where there are claims of more than one secured creditor, the proceeds of transfer of the secured assets shall be held in an escrow account and shared amongst the secured creditors as per inter-se arrangement, if any, or by mutual consent.
- (12) Where it is not possible to share proceeds of transfer as per mutual consent of the secured creditors, the matter shall be referred to a sole arbitrator to be appointed by the secured creditors and the arbitration shall be governed by the provisions contained in the Arbitration and Conciliation Act, 1996 (26 of 1996).
- (13) In respect of borrowers governed by the provisions of the Companies Act, 1956, notwithstanding anything contained in section 446 of the Companies Act, 1956, or any other law governing the liquidation of the debtor or the secured assets, the secured creditor shall be entitled to exercise, without leave of the High Court, the rights vested in it under this section.

Provided that the amounts realized from the sale of the secured assets shall be subject to distribution in accordance with the provisions of section 529A of the Companies Act, 1956, ***in respect of companies under liquidation.***

Provided further it shall be lawful for the secured creditor to retain the amounts realized from the sale of the secured assets as would be sufficient to satisfy their debts and handover the balance thereof to the liquidator or the High Court, if they furnish to the liquidator or the High Court, an affidavit and an undertaking to the effect that they shall deposit the retained amount or any part thereof, realized from the sale of the secured assets at such time and in such manner as may be directed by the liquidator or the High Court for the purpose of distribution in accordance with section 529A of the Companies Act, 1956.

- (14) Where the secured creditors retain the sale proceeds under the second proviso to sub-section (13), it shall be liable to pay interest on such retained amount (which becomes payable as per High Court's order) at such rate as may be directed by the High Court but not exceeding the prime lending rate of the State Bank of India prevailing during the period,.
- (15) Where dues of the secured creditor are not fully satisfied with the sale proceeds of the secured assets, the secured creditor shall be entitled to recover the balance amount from the borrower and guarantor, if any, by approaching the Debts Recovery Tribunal or any other appropriate forum.
- (16) Without prejudice to the rights conferred on the secured creditor under or by the section, secured creditor shall be entitled to proceed against the guarantors or pledged assets without first proceeding against the secured assets under this Act.
- (17) Right of the secured creditor to sell the secured assets shall not affect his right of foreclosure available under ***any*** law.

- (18) Any dispute with regard to amount of dues payable by the borrower may be considered by the Debts Recovery Tribunal after sale, lease or assignment of the secured assets under this section on application of the borrower to this effect notwithstanding that the amount involved is less than the pecuniary jurisdiction of the Debts Recovery Tribunal or any other provisions of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (5 of 1993).
- (19) Pending disposal of dispute referred to Debts Recovery Tribunal under sub-section (18) secured creditor shall be entitled to appropriate the sale proceeds subject to final determination of matter by the Debts Recovery Tribunal.

12. Chief Metropolitan Magistrate and District Magistrate to assist secured creditor in taking possession :

- (1) Where the possession of any secured assets is to be taken by the secured creditor or if any of the secured asset is to be sold or transferred by the secured creditor pursuant to any powers conferred under section 6, the secured creditor may, for the purpose of taking custody, possession or control of any such secured assets, request, in writing, the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction any such secured assets or other documents relating thereto may be lying or found to take possession thereof, and the Chief Metropolitan Magistrate or as the case may be the District Magistrate shall, on such request being made to him.
 - (a) take possession of such assets and documents relating thereof; and
 - (b) hand over such assets and documents to the secured creditor
- (2) For the purpose of securing compliance with the provisions of sub-section (1), the Chief Metropolitan Magistrate or the District Magistrate may take or cause to be taken such steps and use, or cause to be used, such force, as may be necessary and as provided for under law.
- (3) No act of the Chief Metropolitan Magistrate or the district Magistrate done in pursuance of this section shall be called in question in any court or before any authority.

13. Immunity from prosecution or other legal proceedings :

- (1) No suit, prosecution or other legal proceedings shall lie against any secured creditor or any employee or representative of the secured creditor or receiver appointed by him or any other person exercising any power of the secured creditor for anything done or omitted to be done in good faith under this Act.
- (2) No injunction or stay shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

14. Certain rights and obligations of borrower and secured creditor :

- (1) Notwithstanding anything to the contrary contained in any agreement, the secured creditor shall :
 - (a) provide to the borrower a true copy of the security agreement;
 - (b) provide to the borrower periodical statement of account containing, inter alia, the rate of interest charged by the secured creditor;
 - (c) take steps to protect and preserve the secured assets taken over by the secured creditor till the sale thereof at the cost of the borrower;
 - (d) sell the perishable goods within reasonable time and sell other secured assets within two years where possession of the secured assets is taken over by the secured creditor pursuant to clause (i) of sub-section(1) of section 4 of this Act.
- (2) Notwithstanding anything contained in sub-section (1), a secured creditor shall be entitled to approach the Debts Recovery Tribunal at any time or from time to time for extension of time for disposal of the secured assets and the Debt Recovery Tribunal may grant such extension or extensions of time as it may deem fit and proper in the circumstances of the case but such extension or extensions in any case shall not exceed an aggregate period of one year.
- (3) Notwithstanding anything to the contrary contained in any agreement or any other law for the time being in force, the borrower shall :
 - (a) furnish full true and correct information for processing of his request for financial assistance;
 - (b) utilise the financial assistance only for the purpose for which it was granted.
 - (c) shall always maintain proper accounts;
 - (d) intimate the secured creditor about filing of any liquidation or insolvency proceedings against the borrower, appointment of receiver of his assets and any other material development that may adversely affect the project or business activity or the borrower's capacity to discharge the obligations undertaken by him towards the secured creditor;
 - (e) on service of notice of default under Section 10(1), obtain consent of the secured creditor for sale, transfer, assignment, exchange or disposal of the secured assets save and except secured assets which are saleable in the ordinary course of business under the security agreement or arrangement;
 - (f) handover peaceful possession of the secured assets to the secured creditor or receiver appointed by him on receipt of notice to hand over possession of the secured assets by the secured creditor;
 - (g) ***be entitled at any time before the sale of secured assets to redeem the securities by making payment of the amount in default.***

15. Power of Central Government to make rules :

- (1) Central Government may, by notification in the Official Gazette, make rules for carrying out provisions of this Act.
- (2) In particular and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters namely:
 - (a) Designating any of the existing authority as Regulatory Authority for the purposes of setting up of Central Registry for implementation of the provisions of this Act.
 - (b) Rights which may be exercised and functions that may be performed by the receiver appointed under sub-section (1) of section 11 of this Act.
 - (c) Procedure and guidelines to be followed by secured creditor for exercising power to take possession of the secured assets and to transfer the same by way of sale, lease or assignment.
 - (d) Format of notice of security interest referred to in sub-section (3) of section 5 and the nature of records to be maintained by the Central Registry.
 - (e) Manner of providing information about notice of security interest and quantum of fees or charges payable by persons intending to have access to the information on line.
 - (f) Procedure and conditions subject to which authorisation to provide and maintain the Central Registry shall be granted by the Regulatory Authority, amount of fee to be paid therefor and the manner of suspension or cancellation of such certificate under sub-section (7) of section 5.
 - (g) Format of application for grant of authorisation under sub-section (6) of section 5, amount of fees payable alongwith application and the manner of payment thereof.
 - (h) Any other matter which is required to be provided for by rules.

16. Rules to be laid before Parliament :

Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the sessions immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rules or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under the rules.

17. Removal of difficulties :

- (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make

such provisions not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for removing the difficulty.

Provided that no order shall be made under this section after the expiry of a period of two years from the commencement of this Act.

- (2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

18. Act supplemental to other enactments :

Save as otherwise provided by this Act, the provisions of this Act shall be supplemental to and shall not affect the operation of any other law for the time being in force governing security interest creation, registration of such security interest and enforcement thereof with or without the intervention of the Court, regardless of the form and description of the security interest.

Schedule

- (a) A lien given by or under any other statute;
- (b) A bankers lien and right of set-off;
- (c) A pledge of movables within the meaning of section 172 of the Indian Contract Act, 1872 (9 of 1872);
- (d) Creation of security interest in any aircraft, and to vessels as defined under the Merchant Shipping Act, 1959;
- (e) Any conditional sale, hire-purchase or lease or any other contract which is a title retention contract and not security interest creation ;
- (f) Any unpaid seller governed by the provisions of Sale of Goods Act, 1930;
- (g) Creation or transfer of interest in present or future wages, salary, pay or any other compensation for work or services, the assignment or transfer of which is prohibited by any law.
- (h) Any security interest securing repayment of any financial assistance not exceeding Rs.1 lakh.
- (i) Security interest not registered under this Act.
- (j) Any security interest created in agricultural land.