

**Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act,
2002 (SARFAESI Act, 2002)**

CHAPTER-II

**Regulation of securitisation and Reconstruction of Financial Assets of Banks and Financial
Institutions**

Section 12B: Power of Reserve Bank to carry out audit and inspection.

¹[12B. (1) The Reserve Bank may, for the purposes of this Act, carry out or caused to be carried out audit and inspection of an asset reconstruction company from time to time.

(2) It shall be the duty of an asset reconstruction company and its officers to provide assistance and cooperation to the Reserve Bank to carry out audit or inspection under sub-section (1).

(3) Where on audit or inspection or otherwise, the Reserve Bank is satisfied that business of an asset reconstruction company is being conducted in a manner detrimental to public interest or to the interests of investors in security receipts issued by such asset reconstruction company, the Reserve Bank may, for securing proper management of an asset reconstruction company, by an order—

(a) remove the Chairman or any director or appoint additional directors on the board of directors of the asset reconstruction company; or

(b) appoint any of its officers as an observer to observe the working of the board of directors of such asset reconstruction company:

Provided that no order for removal of Chairman or director under clause (a) shall be made except after giving him an opportunity of being heard.

(4) It shall be the duty of every director or other officer or employee of the asset reconstruction company to produce before the person, conducting an audit or inspection under sub-section (1), all such books, accounts and other documents in his custody or control and to provide him such statements and information relating to the affairs of the asset reconstruction company as may be required by such person within the stipulated time specified by him.]

Amendments:

1. Inserted by [Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions \(Amendment\) Act, 2016](#), (w.e.f. 1-9-2016).