

IMPACT OF COVID-19 ON NPA RECOVERY IN NATIONALIZED BANKS: AN EMPIRICAL STUDY OF THE SARFAESI ACT, 2002

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ABSTRACT

The present paper studies the impact of Covid-19 pandemic on recovery of non-performing assets (NPAs) of Indian banks. There are different laws in India pertaining to recovery of non-performing assets of the banks such as the Securitization and Reconstruction of Financial Assets and Recovery of Security Interests Act, 2002 also known as the SARFAESI Act, 2002. This statute is one of the key tools for recovery of non-performing assets of the banks in India especially the governmental banks which are saddled with excessive non-recoverable debt.

This research paper has examined specifically the extent to which policy makers can use the SARFAESI Act, 2002 in facilitating the recovery of NPAs in the context of the pandemic. The study seeks to establish the conditions faced by banks, the role played by regulatory actions such as moratorium, and any suitable modifications on operations the banks carried out under SARFAESI Act for the constraint due to the COVID-19 pandemic.

This research paper utilizes a mixed-impersonal research design methodology for understanding the impact of covid-19 pandemic on the recovery of non-performing assets. The methods used in the study include a trend analysis of the existing Non-performing assets, review of existing laws and policies and interviews with key stakeholders for an assessment of the reality operations thereby shedding light on the overall recovery performance of these non-performing assets while combating the pandemic.

Overall, through the analysis of the recovery trends, this paper tries to deal with the possible flaws of the statute and provide legal measures for the policy improvement of the same.

KEYWORDS: Non-performing Assets, Banking laws, Covid-19, Securitization and Reconstruction of Assets, Recovery of Assets

1. Introduction

The COVID-19 crisis has imparted many a first to global economies and the financial organizations are seen to have absorbed many of these. In India we have seen that nationalized banks which dominate a major portion of the banking industry were into serious trouble to handle and address the issues of NPAs. High NPAs have resulted from the homeowners and borrowers experiencing loss of their source of income because of the closure of businesses and disruptions caused by the pandemic. This situation further enhanced the requirement to leverage existing structures such as SARFAESI Act of 2002 for handling and recovering stressed assets.

The SARFAESI Act 2002 has been enacted recently for banking and financial institutions as a legal weapon to deal with NPA's recovery independently. From the provisions of the Act the utility sought by the legislature was to facilitate the way secured creditors exercise control over assets belonging to defaulters with a view of realizing the dues through an efficient exercise and lessen the congestion in the judiciary. However, the case of COVID-19 disrupted this recovery mechanism as it is as highlighted in this paper. The process of enforcement of the Act was distorted by restrictions as lockdowns, economic contractions, and moratoriums distorted the recovery rates of NPAs.

This research examines the extent to which researchers find the use of the SARFAESI Act, 2002 in facilitating the recovery of NPAs in the context of the pandemic. The study seeks to establish the conditions faced by banks, the part played by regulatory actions such as moratorium, and any modifications on operations the banks carried out under SARFAESI for the particular constraint caused by COVID-19. Overall, through the analysis of the recovery trends, the present work reveals possible flaws of the Act and directions for policy improvement.

2. Literature Review

The COVID-19 face several challenges across the banking sector throughout the world, and in the case of India, they surfaced problems in NPA recovery, particularly regarding nationalized banks. The pandemic affected these banks on NPAs and made the scheme known as Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest, SARFAESI Act, 2002 essential. It discusses the economic effectiveness of the Act for recovery of NPAs, the different concerns that are inherent with NPAs for the nationalized banks and the effects of the Covid-19 on management and recovery of NPAs.

2.1 The SARFAESI Act, 2002: A Key Tool for NPA Recovery

The SARFAESI Act, 2002 was floated with an aim to help the banking sector regain control over the NBs by avoiding lengthy legal proceedings (Bapat, 2021). Research has proven that the Act allows secured creditors to transfer ownership of secured assets, manage and sell same through sales in an effort to recover amounts owed without court involvement. Other Authors like Aggarwal and Singh (2019) also identified the impact of the Act in promoting fresh recovery mechanisms as well as cutting down the NIL level of NPA in the public as well as in the private banks. However, there have been quite many criticisms especially in the way the Act has been implemented particularly on borrower rights and quality of assets enforcement which has been summarized by Bhasin (2020).

Whereas the SARFAESI Act, 2002 has been successful largely in improving the clock on recovery it has drawn back when it is faced with high value NPAs or when the value of the collateral declines substantially due to market conditions (Saxena & Verma, 2021). Singh and Aggarwal (2020) point that, although the Act has introduced ease regarding the recovery of assets, it may not be effective for recovery of large bad and doubtful NPAs arising from economic down turns or slow-moving sectors as witnessed during COVID-19.

2.2 The Nationalized Banks Efforts in Recovery of NPAs

Nationalised banks in India are crucial for meeting the need of priority sector, opening them up to higher NPAs, especially in the MSMEs and agriculture (Kaur & Sood, 2021). The nature of business of these banks also places them in a position of operating under the public service mandate hence they accept higher credit risks than most commercial banks in the world because they lend to sensitive areas which are vulnerable to changes in the economic status of the country (Patel & Sharma, 2022). Sengupta & Vardhan (2021) analyse that the nationalised banks generally have comparatively much high NPA ratio than the private players because of the sectoral directing by the government policy. Thus, the SARFAESI Act, 2002 has become quite vital for the nationalized bank to handle and contain the NPAs.

Going further, Patel and Sharma (2022) pointed out that it puts nationalized banks in a vantage point to depend on the recovery through SARFAESI provisions, owing to their broad networks of operation and predetermined commitments to the priority sector. Their study revealed that SARFAESI is also efficient sector wise. For instance, MSME companies that struggled greatly during COVID-19, the recovery rate under SARFAESI is in between high low due to the financial effect of the pandemic.

2.3 COVID-19 Effect on the Banking Sector and NPAs

The pandemic resulted in significant economic losses that considerably hurt borrower's capacity to repay their dues, thereby escalating the NPAs of the entire banking industry (Bhasin, 2020). From RBI, it was established that the mobility restrictions and contraction of economic activities suggested default recovery by the pandemic. Kaur and Sood, (2021) conclude that COVID-19

impacted high-risk segments more severely and thereby resulted in deterioration of NPAs across MSMEs and agriculture sectors which are loan segments where Nationalised banks have a hefty exposure.

To support a stressed economy and a debilitated financial sector, the Indian government and the RBI deployed certain solutions general to borrowers encompassing a loan moratorium and restructuring schemes (RBI, 2020). These measures though have become critically useful to support the borrowers have had other corresponding impacts of causing delays of further slippage of NPAs as well as recovery actions. Both moratoriums helped create a safety net for borrowers but stalled SARFAESI based recovery processes which skewed the annual year NPAs recovered ratio according to Saxena and Verma (2021).

2.4 Difficulties when adopting SARFAESI in the pandemic

The current study finds that the top factor that emerged post COVID outbreak, affecting banks, was the implementation of SARFAESI Act, 2002 provisions. Lock downs also limited the physical access to assets, reduced operations of the court and delayed legal processes hence slowed down recovery actions (Patel & Sharma, 2022). Saxena & Verma (2021) observed how the physical restrictions hindered banks from beginning asset possession and auction procedures, which are important under the SARFAESI for the return of NPA.

In addition, the abovementioned moratorium period led to build up of temporary suspension in recovery actions that put pressure on bank's resources, according to Bapat (2021). According to Singh and Aggarwal (2020), lack of information technology in asset management and recovery exercises also helped reverse the SARFAESI Act, 2002. A large number of banks were unaware of how the fluid crisis tested their logistical and procedural systems, especially those in need of digital solutions in asset appraisal and auctions.

2.5 Policy Responses and Changes in Recovery of NPAs

Government and RBI intervention during the pandemic aimed at stabilizing the banking of India included several measures including loan restructuring options the reduction of provisioning norms among others (RBI, 2021). As reported by the World Bank (2021), these commenced to assist borrowers but they have possibly led to the emergence of a phenomenon where the real NPAs are concealed for a while. Kaur and Sood (2021) note that even as restructuring policies were needed, they also brought issues to long-term NPAs recovery process.

About SARFAESI driven recovery, Saxena and Verma (2021) have argued that more policy changes are required to provide the bank more levers for recovery during crises. The study recommends the use of digital auction platforms, faster processes of valuation of assets and formulation of contingency measures in SARFAESI, for its readiness to meet future emergencies.

Analysing the literature, the writer focuses on the implication of SARFAESI Act, 2002 on the manner of recovery of NPAs within nationalized banks and the effects of COVID-19 on the whole process. It shows that even though the SARFAESI Act, 2002 has worked in the past, the pandemic situation revealed deficiencies in its use during emergencies, both in the organization's operational issues and problems with digital recovery instruments. The review also opens up the need for policy sensitivity and sectorial modifications in SARFAESI driven recovery to build up more shock proof banks for future shocks.

3. Methodology

To effectively evaluate the effects of the COVID-19 pandemic on NPA recovery through SARFAESI Act for nationalized banks, this work utilizes a mixed-impersonal research design methodology. The methods used in the study include trend analysis of NPA, reviews and interviews

with key operation stakeholders for an assessment of reality operations and shedding light on the overall recovery performance while combating the pandemic.

3.1 Research Design

The study uses descriptive comparative research method. The first and second methods analyze the movement of NPA recovery over time and compare the NPA recovery performance before, during and after the COVID-19. This design aids in establishing the pandemic influences on NPA recovery processes with special focus on the SARFAESI Act, 2002.

3.2 Objectives

- Assess the compliance of the SARFAESI Act, 2002 in recovering NPAs within the nationalized banks under COVID 19 health crisis.
- Analyse tendencies of NPA in the different sectors especially after the COVID-19 crisis in sectors such as MSMEs, Agriculture and Infrastructure.
- Examine the problems that nationalised banks experienced while implementing the SARFAESI Act, 2002 in the period of pandemic.
- Suggest changes in policy with regard to enhancing the recovery of NPAs under similar macro crisis situation in the futurized banks during the COVID-19 pandemic.
- Examine sector-specific NPA trends, particularly in sectors like MSMEs, agriculture, and infrastructure, which were heavily impacted by the pandemic.
- Identify the challenges faced by nationalized banks in enforcing the SARFAESI Act, 2002 during the pandemic.
- Recommend policy adjustments to improve NPA recovery efficiency under similar crisis scenarios in the future.

3.3 Population and Sample Selection

The study aims at nationalized banks of India, as they have a large proportion of NPAs because of the credit-risk portfolio of providing loans to needy sectors like MSMEs & agriculture. The sample includes key nationalized banks with substantial NPA exposure, such as:

- State Bank of India
- Punjab National Bank
- Bank of Baroda
- Bank of India

These banks are chosen based on their market dominance in the nationalized banking segment of the country and as key players in the focus sector lending business hence the important players in the overarching nationalized banking environment in India.

4. Data Collection

4.1 Primary Data Collection

The primary data was collected by conducting quantitative surveys and qualitative interviews of the various strategic partners to get the subjective aggregation of the working hardships, borrowers' reluctance, and the overall-rating of the SARFAESI Act, 2002 amid COVID 19 pandemic. Key respondents include:

- **Bank Officers and NPA Recovery Managers:** These participants explain the challenges they encounter in the course of implementing SARFAESI to enforce recovery tactics and procedures that may include logistics, challenge in valuation of the secured assets and approaches to recovery during covid 19.

- **Borrowers Subject to SARFAESI Recovery Actions:** Interviews few selected borrowers are interviewed on their understanding of the SARFAESI recovery process during the existence of the economic pandemic with specific reference to such government policies such as loan moratorium.

4.2 Secondary Data Collection

Secondary data was collected from publicly available sources including:

- **Annual Reports of the Sampled Banks:** These reports contain information about NPA levels, recovery rates under the SARFAESI Act, 2002, KPIs, for the year 2018-2022.
- **Reserve Bank of India (RBI) Publications:** Sufficient details about the current position of the banking sector in India can be obtained from Reports of RBI such as the 'Trends and Progress of Banking in India', and Circulator issued by RBI during COVID 19 on related relief measures suggested for the banking sector.
- **Government and Regulatory Documents:** Some of these are notices on moratoriums on loans; restructuring plans; and other such government measures that influenced the NPAs and subsequent recovery.

5. Data Analysis

5.1 Quantitative Analysis

A. NPA Levels Over Time: The NPA levels, recovery rates, and loan classifications were reviewed for five years (2018, 2019, 2020, 2021, & 2022) for comparing the condition of NPA and the impact of SARFAESI during and post COVID 19 period. A line chart of NPA for the period 2018-2022 showing an increase during pandemic period of 2020- 2021 and a decline in the subsequent year

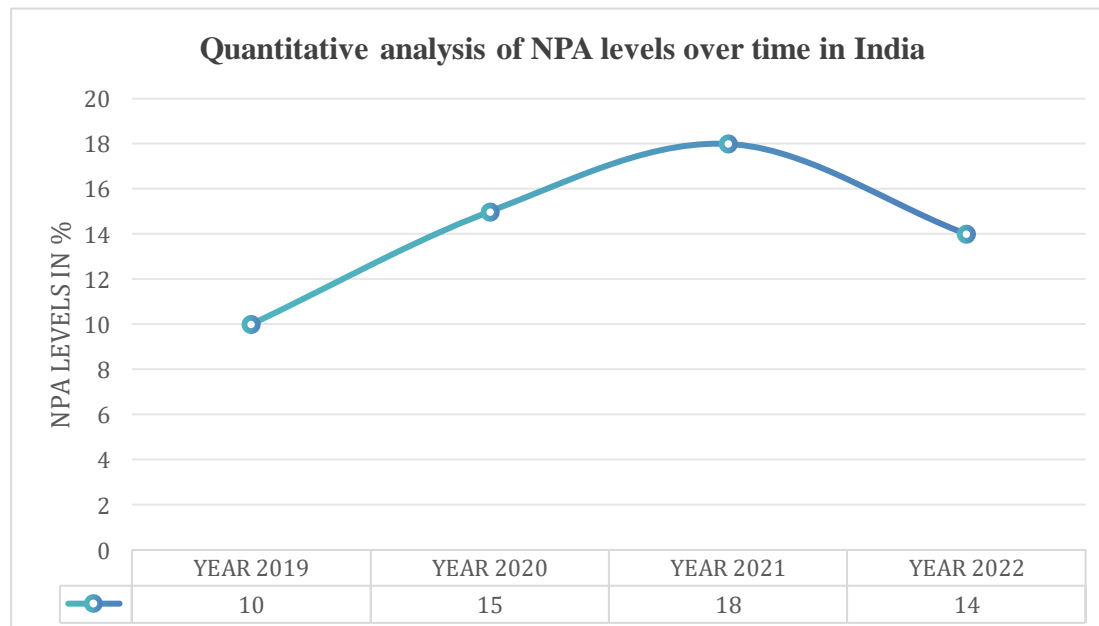


TABLE 1: Quantitative analysis of NPA levels over time in India

B. SARFAESI Recovery Rates Over Time: This was followed by a line chart showing SARFAESI recovery rates from 2018 to 2022, with a dip during the heart of the pandemic, which was gradually recovering in post-pandemic times.

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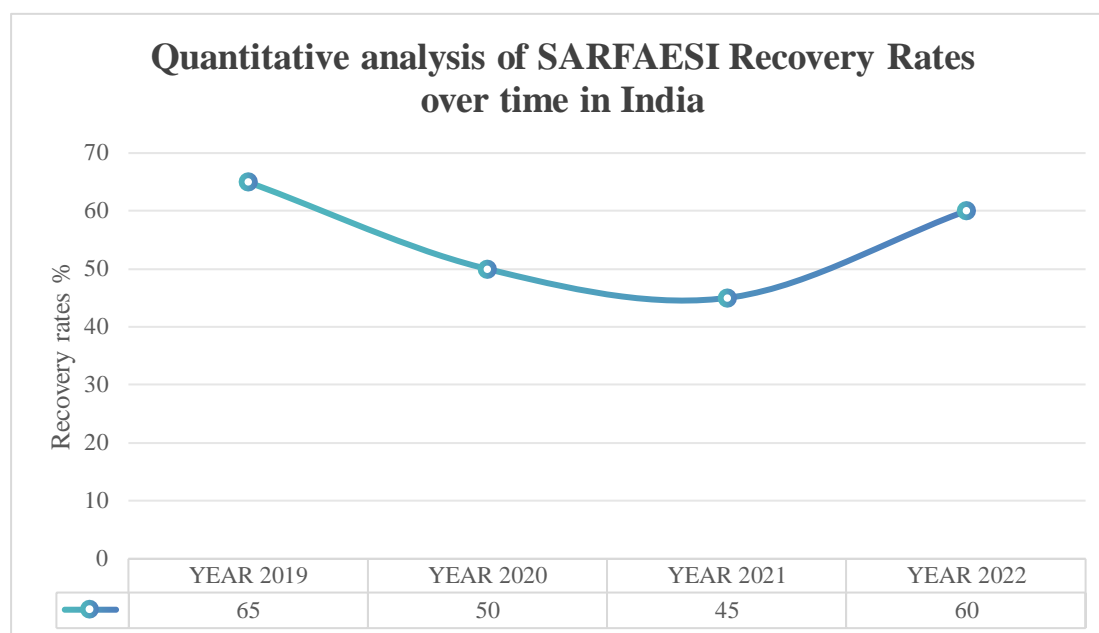


TABLE 2: Quantitative analysis of SARFAESI Recovery Rates over time in India

D. NPA Distribution by Sector (2020 vs. 2021): This bar chart shows the NPAs sector wise (MSME, Agriculture, Infra, Retail), Analysis of which is done for the years 2020 and 2021. From the chart it can be seen that NPAs jumped up particularly in the MSME segment during the pandemic.

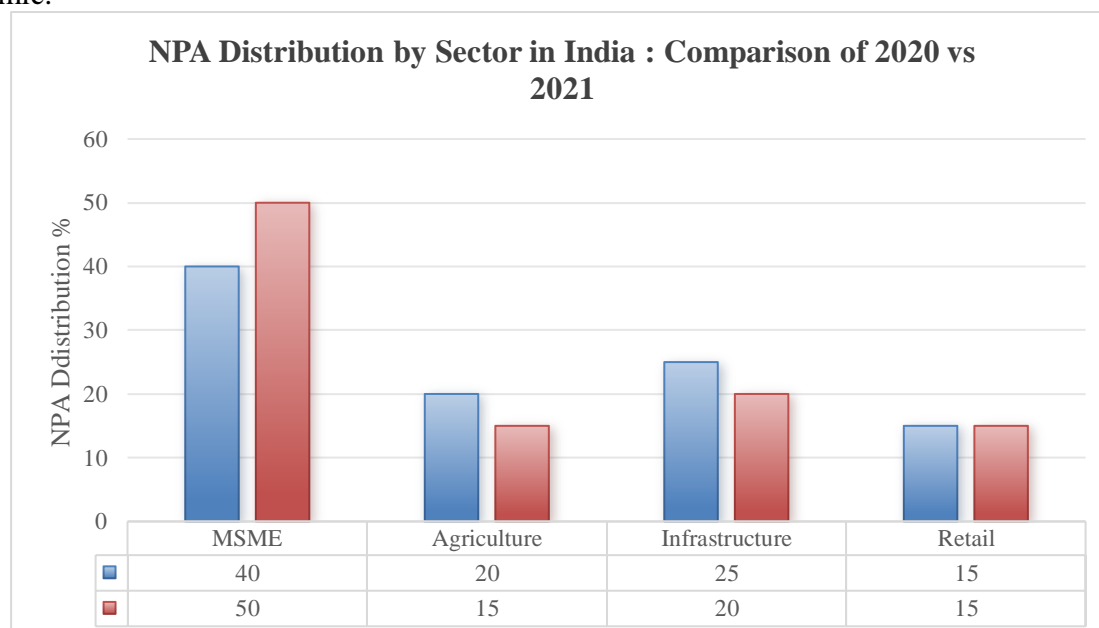


TABLE 3: NPA Distribution by Sector in India : Comparison of 2020 vs 2021

E. Effect of Loan Moratorium on SARFAESI Recovery Delays: The following pie chart shows % delay in SARFAESI recovery actions perceived due to the loan moratorium. It shows that more than a third of the answers mentioned a significant extension of recovery because of the moratorium.

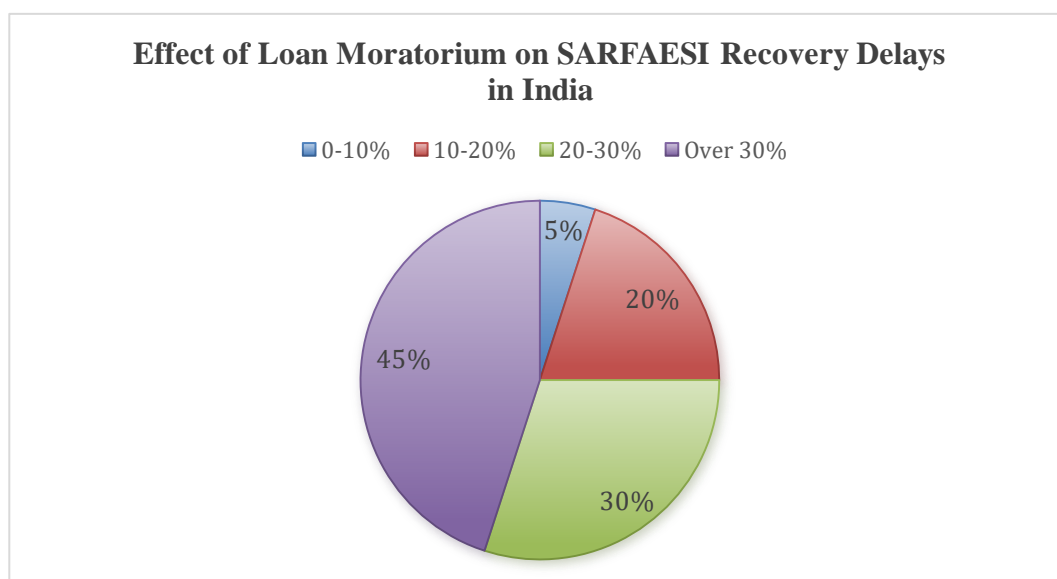


CHART 1: Effect of Loan Moratorium on SARFAESI Recovery Delays in India

5.2 Qualitative Analysis

- **Thematic Analysis:** Interview and survey data have been analyzed through thematic analysis in an aim to make use of qualitative data in an enhanced manner. This involves assigning codes to responses with the view to finding out regular patterns on the operational issues, borrowers' behaviour and the strategies adopted by the banks resulting from the operation of the SARFAESI Act, 2002 during the pandemic.
- **Content Analysis:** The study involved a content analysis of views from bank officials and borrowers with a view of establishing their opinion on perceived performances of the SARFAESI Act, 2002 and the operational difficulties that organizations faced in implementing the provisions of the SARFAESI Act, 2002.

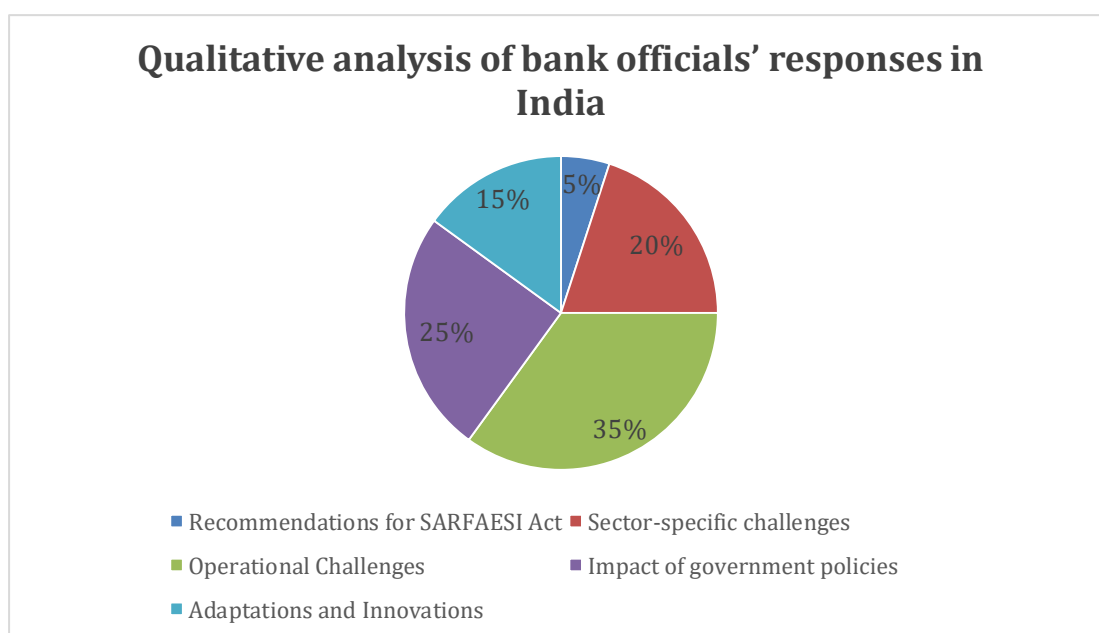


CHART 2: Qualitative analysis of bank officials' responses in India

1. Effect of COVID-19 on Collection Effort on NPA Collectively

Bank officials largely opined that the pandemic brought a situation that had never been previously witnessed as far as methods of dealing with NPAs are concerned. Some pointed out that the increases were attributed to the pandemic which dealt a huge blow to borrower's repayment capacity particularly on the MSME and agricultural sector which are considered to be risky for nationalized banks. As one of the respondents said: "COVID brought about a shock in the increase of defaults which especially affected the MSME borrowers who could not carry out their businesses during lockdowns".

2. Certain difficulties arising from the implementation of The SARFAESI Act, 2002

One of them was the operational problems related to implementation of the SARFAESI Act, 2002 in terms of seizing the properties and then auctioning it. Regulations that people identified as an issue are restrictions in movement, fewer people in workplaces, and lengthy legal systems. For, instance, one official remarked: "Our branch needed months to process even the most fundamental recovery actions such as asset valuation and auctions because of restrictions."

One of them was that possession of physical assets was more often delayed, or, in some cases, stopped completely, which led to a reduction in recovery rates. For example, officers said that lockdowns limited their opportunity to evaluate and acquire properties, which compounded the time taken to implement SARFAESI-based measures.

3. Impact of Government Policies (Loan Moratoriums and Restructuring Schemes)

Bank officials in most cases agreed that moratoriums and restructuring schemes in most cases provided averted SARFAESI recoveries but for a while. Regarding the moratorium one of the respondents said "It was good and bad at the same time". It gave borrowers temporary relief but essentially postponed our recovery actions by almost a year." The practice of delaying NPA classification under moratorium schemes remained a frequent issue because it built up a stock of NPAs that increased significantly once the moratorium period was over.

4. Innovative Measures for NPA Recovery

Due to these operational challenges, some of the banks embraced innovation through digital options. For example, online asset auctions, and facsimile borrower contact more specific changes were mentioned. However, the responses revealed that such digital measures were modest in their application as the borrowers could not access these tools and physical assessment of assets was required in most cases. One official stated, "We had tried to use online auctions and they were not very effective due to lack of access of buyers during covid."

5. Industry-Specific Consequence and Recovery Issues

Again, the MSME sector was named the most affected sector over and over. A number of the officials stated that sectors such as MSMEs had longer business shutdowns and cash-flow shocks hence high default rates while the agriculture sector had government support hence remained comparatively steady. An official said "MSME loans emerged as a big problem because most borrowers were simply unable to repay after months of no operation".

6. Suggestions for Further Amendments on the Act of SARFAESI, 2002

There was elaboration of proposals where it was recommended that the insurance, asset recovery driven by the SARFAESI Act, 2002 should be enhanced by making provisions more crisis digital, portraying emergency, and getting quicker approval for e-auction. As one official noted, "If the SARFAESI Act, 2002 allowed more – online like – procedures we could avoid such falls like COVID." Another recommended sector-specific support measures within SARFAESI also, especially that MSMEs and lent to the small amounts are different types of borrowers that require different approaches and fair treatment, first of all.

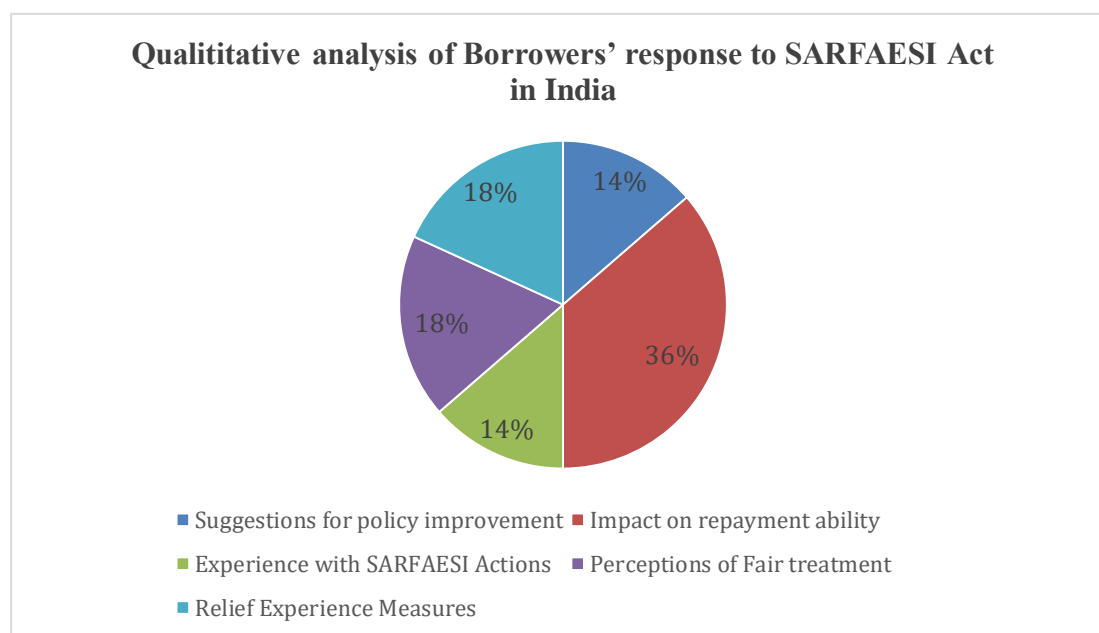


Chart 3: Qualitative analysis of Borrowers' response to SARFAESI Act in India

1. Impact of COVID-19 pandemic on Repayment Ability

Lenders said debtors especially in the MSME space faced severe cash flow pressures because of closures, disrupted sales and revenue decline. This lender went on and said, "I was completely out of working during the shutdown." My business was locked down for several months and becoming almost impossible to make loan repayments." This financial burden contributed to making borrowers turn to the loan moratorium but most of them had a challenge when interest was compounded.

2. Relief Measures and Moratorium Experience

Except for the loan moratorium period, borrowers enjoyed the period; however, the problem arose from the interest that accrued during the period making repayments discouraging after the moratorium period. Speaking to the moratorium, one borrower said, "The moratorium obviously lowered our GPA but the extra interest complicates things when one decides to repay." Some of them proposed that moratorium terms may have been even more lenient to borrowers in the sense that interest charges may have been partially or completely frozen during the deferment period.

3. Recovery Actions Experience of SARFAESI Act, 2002

The respondents' perception of the SARFAESI-based recovery actions taken on borrowers were mixed. Some of them said that they received clear and supportive communications from banks, but others complain about pressure to make a decision quickly. A borrower said, "At first, banks were flexible, but once the lockdown period is over, they started collections without much consideration." This time appeared to shift depending on the borrower's sector and loan amount and differed among the banks.

4. Opinion of Fair Treatment under SARFAESI Act, 2002

Some of the borrowers had expressed their perception about the SARFAESI Act, 2002 in the following manner. Some had thought that the Act provided protection to the banks; however, others noticed that the Act would not apply in a situation of a crisis affecting financial corporations. There was one borrower who said, "I know that the bank was right, but this did not leave space for an evaluation of the virus's effects on my company." This opinion underlines the presence of the requirement for other provisions inside of SARFAESI to take into account crises.

5. Suggestions for Policy Improvements

Survey respondents believe that the future recovery policies should contain provisions for exception for the sectors that are affected by crises like adjustment of interest rate or deferral of the repayment period for the pandemic affected loans. A borrower told “It is suggested that during emergent situations the banks should be given leeway to reduce interest rates so as to enable the borrowers make repayments.” Another suggested better communication and long -slow recovery procedures because sudden increase of pressure to borrowers’ post – crisis is very dangerous.

Findings of the Interviews:

Operational and Logistical Barriers: Essentials of the SARFAESI ACT 2002 posed a lot of challenges to the officials of the bank especially concerning possession of the assets as well as the auction. These challenges present the experience with SARFAESI as an area that needs its own digital infrastructure developments, and contingency plans for shocks in the future.

Effectiveness of Government Policies: It was seen that both the bank officials and borrowers realised that while government interventions was a stopgap measures that introduced further layers of formalism to the process of recovery of dues. , even though it was helpful as the moratorium and the restructuring schemes generated a backlog and raised the repayment loads after a crisis.

Sectoral Challenges in Recovery: The MSME segment was hit hardest illustrating the problem of lack of sectoral specific support in resolution frameworks for NPAs within sectors worst impacted.

Borrower Experience with SARFAESI Act,2002: Lenders received mixed feedback from borrowers; some of the borrowers complained of their displeasure with banks for what they deemed as inflexible action in recovery processes. This means there is a requirement for more borrower friendly models in the legal architecture of SARFAESI Act, 2002 for such an extraordinary situation as COVID 19.

Policy Recommendations: The authorities of the banks and the borrowers recommended that the recovery procedures and subsequent strategies be more relaxed under the conditionalities of SARFAESI; the communication between the banks and the borrowers be improved; crisis-sensitive new naming inside SARFAESI; new possibilities and methods of NPAs’ recovery; contingency measures for the affected borrowers; and sector-specific changes.

Suggestions

☐ **Crisis-Responsive Policy Adjustments:**

- The simplification of how assets possess and auction in the event of a crisis are some of the changes.
- Ensuring the continuity of business recovery through technology compliances like virtual auction, and non-physical property valuation and auction procedures for pandemic situations.
- Integrating digital infrastructure, such as virtual auctions and online property valuations, to maintain recovery operations during physical restrictions.

☐ **Sector-Specific Recovery Strategies**

- Grace periods or a special repayment plan per sector could help design a way of recovery that would also maintain borrower sustainability.
- Subsidization of high-risk activities could bail out volatile industries and at the same time facilitate recoveries and sector-specific repayment schedules, could balance recovery with borrower viability.
- Government support programs targeting high-risk industries could stabilize vulnerable sectors while enabling recoveries.

☐ **Digital and Automated Processes**

Some of the advantages of the fully automated systems of borrower notifications are:

- Online auctions can be used to sell commercial assets during restriction hence reducing on time wastage. Notifications can improve communication and transparency.

- Secure online auction platforms can facilitate asset liquidation during restrictions, minimizing delays.

□ **Refined Moratorium and Relief Measures**

To balance borrower relief and recovery:

- In one way, interest-free or reduced interest grace periods for persons highly impacted by COVID-19 help to ease repayment burdens.
- The extension of flexible moratoriums followed by phased repayment schedule is one way of lowering the possibility of defaults and at the same time sustaining recovery activities.
- Phased repayment plans post-moratorium can reduce default risks while ensuring recovery continuity.

□ **Enhanced Borrower Communication**

- Understanding of the SARFAESI procedures or the time frame that is taken to complete the exercise may well be reassuring.
- None of the financial advising and structured repayment planning can help tackle borrower concern and improve compliance to repay and timelines can build trust.
- Financial counselling and structured repayment planning support can address borrower distress and enhance repayment compliance

Conclusion

This study analyses the effect of the COVID-19 epidemic on non-performing asset (NPA) recovery in nationalized banks, with particular emphasis on the SARFAESI Act, 2002. It indicates a significant increase in non-performing assets, especially in high-risk sectors such as micro, small, and medium enterprises and infrastructure and underscores operational difficulties like postponed asset possession and auctions resulting from lockdowns and labour shortages. Government schemes like loan moratoriums temporarily delayed recovery actions, which in turn exacerbated backlogs and necessitated the development of sector-specific recovery strategies. The results underscore the necessity for digital transformation, encompassing online auctions and virtual oversight, to maintain continuity amid crises. The study finds that adding crisis-responsive provisions, sector-specific strategies, and better digital infrastructure to the SARFAESI framework can help nationalized banks recover NPAs more quickly. It is recommend future research on comparative recovery strategies, post-pandemic trends, and digital innovations in recovery mechanisms.

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Quantitative Analysis Questionnaire

This survey is designed for **bank officials involved in NPA management** to gather numerical data on NPA trends, recovery rates, and sectoral impact during COVID-19.

Section 1: Background Information

1. Name of Bank:
2. Position of Respondent:
3. Years of Experience in NPA Management:

Section 2: NPA Trends and SARFAESI Act, 2002 Usage

1. What was the total NPA amount (in ₹ crores) for your bank in each of the following years?
 - 2018:
 - 2019:
 - 2020:
 - 2021:
 - 2022:
2. Please provide the percentage of NPAs recovered through the SARFAESI Act, 2002 for each year:
 - 2018:
 - 2019:
 - 2020:
 - 2021:
 - 2022:
3. What percentage of your bank's total NPAs fell within the following sectors during 2020–2021?
 - MSME:
 - Agriculture:
 - Infrastructure:
 - Retail:
4. In your opinion, how effective was the SARFAESI Act, 2002 in recovering NPAs in your bank during the COVID-19 period compared to pre-pandemic years?
 - Very Effective
 - Effective
 - Neutral
 - Ineffective
 - Very Ineffective

Section 3: Government Policies and Their Impact

1. Did the COVID-19 moratorium affect the rate of NPA recovery in your bank?
 - Yes
 - No

- Not Sure
- 2. If yes, by what approximate percentage did the moratorium delay SARFAESI-based NPA recoveries?
 - 0–10%
 - 10–20%
 - 20–30%
 - Over 30%
- 3. Was your bank able to recover assets through the SARFAESI Act, 2002 after the moratorium ended?
 - Yes
 - No
 - Partially

Section 4: Operational Challenges

1. To what extent did logistical challenges (e.g., limited mobility, asset possession, and auction delays) impact NPA recovery during COVID-19?
 - Very High Impact
 - High Impact
 - Moderate Impact
 - Low Impact
 - No Impact
2. Did your bank implement any digital measures (e.g., online auctions, virtual asset monitoring) to support NPA recovery?
 - Yes
 - No
 - Planned but not implemented
3. If yes, please describe the digital measures implemented and their effectiveness in supporting NPA recovery:

Qualitative Analysis Interview Guide

This set of open-ended questions is designed for **semi-structured interviews with bank officials and borrowers** affected by SARFAESI recovery actions. It aims to capture experiences, challenges, and perspectives related to NPA recovery during the COVID-19 pandemic.

For Bank Officials: Operational Challenges and Recovery Experiences

1. **General Experience:** How did the COVID-19 pandemic impact your bank's ability to recover NPAs under the SARFAESI Act, 2002?
2. **Operational Challenges:** What specific logistical or operational challenges did your bank face in executing asset seizures, auctions, or other recovery actions during the pandemic?
3. **Government Policies:** How did policies like the loan moratorium and restructuring schemes affect your NPA recovery strategy?
4. **Adaptations and Innovations:** Did your bank adopt any innovative measures or digital solutions to address COVID-related challenges in NPA recovery? If so, please describe these measures and their effectiveness.
5. **Sector-Specific Impact:** Which sectors presented the greatest challenges for NPA recovery, and why? How did the SARFAESI Act, 2002's application vary across these sectors?
6. **Future Recommendations:** What adjustments to the SARFAESI Act, 2002 or related policies do you believe could improve NPA recovery efficiency during future crises?

For Borrowers: Experience and Perceptions of SARFAESI Recovery Actions

1. **Experience During COVID-19:** How did the COVID-19 pandemic affect your ability to make loan repayments?

2. **Moratorium and Relief Measures:** Did the loan moratorium or restructuring schemes help you manage your repayments? How did these measures impact your experience with the SARFAESI recovery process?
3. **SARFAESI Recovery Process:** If you were subject to SARFAESI recovery actions (such as asset seizure or auction), please describe your experience. Were there any changes in communication or process due to the pandemic?
4. **Perceptions of SARFAESI Act, 2002:** What are your views on the SARFAESI Act, 2002 as a recovery tool? Do you believe it provides fair treatment to borrowers in crisis situations?
5. **Suggestions for Improvement:** Based on your experience, what improvements would you suggest for NPA recovery processes, especially during challenging economic periods like the COVID-19 pandemic?