Questionnaire

Sample survey of Branch managers of commercial banks in Dakshina Kannada and Udupi Districts

Dear Sir/Madam,

This data is required only for research study purpose. Please furnish frank and sincere opinion/information in this regard. This will help in evaluating the recovery performance/problems in the commercial banks. The data/information collected will be kept strictly confidential and will be used only for research purpose.

Please ensure that all the questions are properly replied.

Name of the Bank and address of the Branch

Category of branch: Rural/ Semi-urban/ Urban

Educational qualification:

Number of years of Experience in the bank

In the present position:
1. Do the borrowers have knowledge of the data required by the bank to borrow loan from the bank?
   All the borrowers □ Some of the borrowers □

2. In practice, are you in a position to analyse the loan proposal thoroughly before sanctioning or forwarding it to higher authorities?
   Yes □ No □
   a) If no, what are the constraints faced by you in this regard?
      i. Because of my busy schedule, I have no time to verify the loan proposal in detail
      ii. No incentives/rewards/appreciation from the higher authorities to my hard work in the bank
      iii. No periodical training programme is arranged by the Head Office
      iv. I am not interested in analysing the loan proposal thoroughly because most of the borrowers have not properly filled the details in the application form
      v. Any other

3. Are you faced with the problem of recovery?
   Yes □ No □ To some extent □
   a) If yes, what are the reasons for such recovery problems?
      Please tick the following
      1. Priority Sector Lending
      2. Lack of Recovery Tools
      3. Corruption
      4. Siphoning off/Diversion of fund
      5. Wilful Default cases are more in number
      6. Lack of pre-sanctioning appraisal
      7. Lack of post-disbursement supervision
      8. What steps you have taken to recover the loan.
      a) Scrutiny of application thoroughly in the beginning
      b) Monitoring the loans to identify accounts that have potential to become non-performing.
c) Send reminder notices to the borrowers and follow up the same & recover the loan.
d) Take the help from the credit information companies and form the Advisory Committees.
e) Holding Recovery Camps/ One time settlements/Compromise scheme (Lok Adalats).
f) Apply proper recovery policy stipulating the manner of recovery of dues.
g) Targeted level of reduction in loan amount through Recovery Cell.
h) Reporting to higher authority and take the guidelines for recovering the loan.
i) Whenever normal Course of persuasion for recovery of dues failed, legal action was undertaken to recover the loan.
j) Any Other, Please Specify.

4. Out of the following areas which are more susceptible to loan account becoming non-performing.
   a. Selection of Activity
   b. Appraisal
   c. Documentation
   d. Disbursement
   e. Monitoring
   f. Stock Reports
   g. Study of inspection data
   h. Any other, please specify

5. What is the percentage of NPAs to total advances of the bank?
   a) Less than 10% □
   b) 1% to 3% □
   c) 3% to 5% □
   d) 6% to 10% □
   e) More than 10% □
6. Are you able to exercise your commercial judgement skills in the case of loan applications under Government sponsored schemes?
   Yes □
   No □

7. What are the terms and conditions insisted by your bank in sanctioning the loans?
   i. Properly filled application form with all details.
   ii. Face to face discussion with the borrower about the purpose of loan and repayment mode are discussed.
   iii. Proper evaluation and selection of the borrower.
   iv. Adhering to the Rules and Regulations of the bank to disburse the loan and mode of repayment of the loan amount and strict legal action if the borrower has not paid the loan amount.
   v. Apart from the formal procedures also taking into consideration informal/non-technical credit investigation such as character, capacity, competence etc.
   vi. Maintaining regular contact with borrowers and regular monitoring of the accounts.
   vii. Insisting on Securities.
   viii. License from local administration.
   ix. Electricity connection certificate from the electricity Board.
   x. Any other, Please Specify.

8. What is your opinion regarding the procedural formalities followed by your bank?
   1. Some times we do not have time to look into each and every procedural formalities.
   2. Formal procedural formalities are very difficult in case of genuine borrowers
   3. Borrowers do not adhere to if too much of procedural formalities are involved
   4. Procedural formalities are cumbersome and tedious.
   5. Any other, Please specify.
The probable causes for NPAs are given below. Please tick them according to the order of significance you attribute to them as 1, 2, 3, 4, 5, 6, 7, 8, ....

i. Lack of proper assessment of the borrower and the loan proposal and Failure to recognise the early warning signals and to detect the incipient sickness.

ii. Lack of proper assessment of 'borrowers' needs resulting in under/over financing.

iii. Mis-management and managerial incompetence of the borrowers and Unfavorable repayment climate because of loan waiver schemes etc

iv. Units are deliberately made sick by the dishonest borrowers to avail of concessions.

v. Absence of recovery powers as in the case of co-operative banks and State Financial Corporations.

vi. Lack of skills for dealing with compromise proposals and Lack of adequate manpower assistance at the branch level exclusively for recovery.

vii. Inordinate delay in the collection of bills leading to shortage of working capital in the unit.

viii. Difficulties in seizing the hypothecated goods, storing and disposing them.

ix. Lack of regular follow-up of loans right from the disbursement stage due to heavy routine work.

Please give any important factors contributing to the NPAs?

10. Are you in a position to allot sufficient time for monitoring, follow-up and recovery of loans?

   Yes ☐ No ☐

   a. If no, what are the constraints faced by you.

1. Due to Lack of recovery tools, I do not find sufficient time.

2. As a manager I have busy schedule of attending the routine work, meetings, functions and I do not have time to look after monitoring, follow-up and recovery.
3. Recovery of loans and recourse to legal procedures is time consuming and expensive too. Therefore I am not in a position to allot sufficient time.
4. I have not received proper training for monitoring, follow-up and recovery of loans.
5. Any other

11. Is it the sole responsibility of the branch managers to recover the loans advanced?

   Yes □  No □

17. When an account turns into non-performing certain options are left to a branch manager for further course of action which are listed below. Please rank them according to your order of preference, 1, 2, 3, 4, 5, 6, ....

   a. Studying the reasons for default and take corrective actions □
   b. Allowing some more time to the borrower to regularise the account □
   c. Reporting to higher authorities and act according to their instructions □
   d. Contacting the party for a compromise proposal □
   e. Issuing legal notice and recalling the advance □
   f. Filing of suit in case the securities are available □
   g. Waiver of legal action in suitable cases □
   h. Any other, Please specify □

13. Have you regularised any non-performing advances with your effort?

   Yes □  No □

   a. If yes, please state in brief, the steps you have undertaken in that case. Please rank them according to your order of preference, 1, 2, 3, 4, 5, ....

      i. Educating the borrower □
      ii. Introduced some incentive scheme for prompt recovery □
iii. Through compromise (Lok Adalats) / one-time settlement scheme

iv. Rescheduled/extended the period of repayment

v. I told them that the defaulters information along with photo will be published in the leading news papers if they have not paid promptly

vi. Any other, Please specify.

14. Have you been involved in compromise proposals of any Non-performing accounts?

Yes □ No □

15. Do the borrowers approach you directly for compromise?

Yes □ No □

a. If no, through whom do they approach?

1. Defaulters came and approached □

2. Bank Manager/Staff approached □

3. Any other, Please Specify □

16. Please tick ✓ the factors you take into account before considering any concessions in a compromise proposal.

1. Capacity of the borrower to repay □

2. Availability of securities in the account □

3. Cost-benefit analysis of a compromise proposal □

4. Compromise will reduce the quantum of NPAs □

5. Sacrifice to be made by the bank vis-a-vis the outstandings □

6. Time value of money using discounted rate of return □

7. Any other, Please specify □

17. Did your branch organise 'Recovery Camp' for recovering the loans on large scale?

Yes □ No □
1. While recommending for filing a suit for recovery which of the following factors predominantly influence your decision. (please tick)
   a. Limitation period of documents expiring. □
   b. Chances of recovery in view of security available in the account. □
   c. There is no chance of recovery through persuasion. □
   d. Borrower is a wilful defaulter. □
   e. Any other factors, please specify. □

2. Do you consider that interaction with the borrowers/guarantors is necessary even before filing recovery suit?
   Yes □ No □

19. Do you keep track of whereabouts of borrowers/guarantors and their assets after filing suit?
   Yes □ No □
   a) If yes, on what sources do you rely upon?
      1. Arrangement of recovery camps. □
      2. Joint inspection with the bank authorities. □
      3. Local inquiry and market enquiry □
      4. Branch has to collect full details by visiting the borrower's place as they mentioned in the loan application form □
      5. Periodical inspection □
      6. Personal contacts □
      7. Search in the sub-registrar's office to know the property □
      8. Spot inspection of the business □
      9. Any other, Please Specify □

197. Do you consider that the bank's advocate is taking adequate interest in the follow-up of the suit filed/decreed accounts?
   Yes □ No □
b) Do you find the “Lawyers meet” arranged by the bank is useful in speeding up awarding of decrees in the recovery?

Yes □ No □

20. Please tick the experience you generally have with the bank’s advocate.

1. Bank’s advocates are sometimes delaying the proceedings at court by seeking undue adjournments

2. Do not inform the bank before the proceedings are taken to the Court

3. Advocates are reporting the proceedings of the case to the branch belatedly

4. Advocates do not take the required interest in execution of decrees

5. Very co-operative

6. Any other, please specify

21. Do you experience any difficulties/delays in the execution of decrees?

Yes □ No □

a) If yes, mention the factors responsible for such delays/difficulties?

1. Verification of documents, Inspection of Security, Determination of the Jurisdiction of the Court, Serving Recall notices and other necessary steps are required for the decision of suit and execution of decrees.

2. The defendants are known to make use of the system to prolong the proceedings by seeking adjournments on flimsy grounds.

3. Banks advocates join with the parties and seek undue adjournments of the proceedings.
23. Please state the position of suit filed accounts at your branch

<table>
<thead>
<tr>
<th>Particulars/Category</th>
<th>Position from 01.04.2001 to 31.03.2006</th>
<th>No. of accounts</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small business/ DRI / IRDP / Trade Advances</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-SSI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

24. Do you feel the necessity of a special squad from the controlling office for execution of decrees?

Yes ☐ No ☐

25. Do you get required support from higher authorities in effective execution of decrees?

Yes ☐ No ☐

26. Do you ensure adequate follow-up of suit filed cases?

Yes ☐ No ☐

27. Do you get any support from DIC and other Government departments for recovery of NPAs in the case of Government Sponsored Schemes?

Yes ☐ No ☐

a) If yes, please explain the types of support received.

28. Do you receive the required support from co-banks and Financial Institutions in execution of the decree?

Yes ☐ No ☐

29. Have you arrived at any compromise proposal through Lok Adalats and DRTs?

Yes ☐ No ☐

30. Do you receive the required co-operation from the local people, police and voluntary institutions for recovering the overdues?

Yes ☐ No ☐
30. Are you aware of the recommendations of the Narasimham Committee on Asset Reconstruction Company and other recovery aspects?
   Yes ☐ No ☐

31. Do you feel that Securitization Act, 2002 has helped the bank in recovering the heavy overdues and sticky NPA accounts?
   Yes ☐ No ☐

32. Does your branch receive the required support from the Legal/Recovery section at the Regional/Zonal Office?
   Always ☐ Some times ☐ Rarely ☐

35. Do you feel that there is any relationship between Education level of the defaulters and attitude towards banks for borrowed loan from the bank?
   Yes ☐ No ☐ To some extent ☐

34. How do you involve the DIC/Zilla Udyog Mitra in the recovery of bank dues.

35. What are the problems faced by you in dealing with the NPAs?

36. What are your suggestions for improving the overall recovery position including recovery position of NPAs in your bank?