A STUDY ON REDUCTION OF NON-PERFORMING ASSETS IN COMMERCIAL BANKS  
(A Case Study of Alwar District)

The banking sector plays an important role in the economic growth of a country. Despite the various prudential measures taken from the post-liberalization period, the non-performing assets still pose an important threat to the very existence of banking. This questionnaire is an instrument for collection of data on NPAs for research being undertaken at Jagdish Prasad Jhabarmal Tibrewala University, Rajasthan.

Please examine each of the following items carefully and give your opinion.

SECTION I (Demographics)

<table>
<thead>
<tr>
<th>Name of the Organisation:</th>
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<td>Name of the Respondent:</td>
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<td>Designation:</td>
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<td>Mobile No.(optional):</td>
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<td>Email ID:</td>
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<td>Experience(in the current position):</td>
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(Information provided will remain strictly confidential)

SECTION II (REASONS FOR NPA)

Q.1 Every organization has reasons for having NPAs. What is/are the major reasons for having NPAs in your company? Please rate the following as per the importance:

<table>
<thead>
<tr>
<th>MOST IMPORTANT</th>
<th>IMPORTANT</th>
<th>LEAST IMPORTANT</th>
<th>NOT IMPORTANT</th>
<th>N A</th>
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<tbody>
<tr>
<td>i) Default by customers</td>
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<td>ii) Lack of supervision</td>
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<td>iii) No proper appraisal</td>
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<td>iv) Political influence on loan</td>
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</table>
v) Change in government policy
vi) Diversification of funds
vii) Any other (please specify)

Q.2 Does competitive pressure has forced banks in general to relax credit appraisal standards and thereby contributed to more NPAs. (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

Q.3 Whether the current credit appraisal system of your bank is inadequate in modern environment: (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

Q.4 "There is an inadequate mechanism available in the banking sector to gather and disseminate credit information amongst commercial banks". Do you agree with this statement? Tick whichever is applicable.

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
Q.5 It is observed and often supported by bankers that effective recovery of the NPA is hampered on account of the sizeable overhang component arising from infirmities from the existing process of debt recovery and inadequate legal provisions on foreclosure and bankruptcy. Tick whichever is applicable.

☐ Yes, always
☐ Yes, sometimes
☐ No

Q.6 Do you feel that the present competitive pressure in the banking sector leading to the emergence of more local banks and branches of international banks in the country leads to relaxing the credit norms and thereby more NPA Whether the current credit appraisal system of your bank is inadequate in modern environment: (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

SECTION III (IMPACT OF NPA)

Q.7 What is the impact that NPAs have on the bank:

☐ Decline reserves and surpluses
☐ Decrease in profitability
☐ Decrease in stock price
☐ Loss of capital
Increasing spread

Any other (please specify)

Q.8 NPA adversely affects the liquidity of banks and its income-generating capacity: (Tick whichever applicable.)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Q.9 Do you agree that NPAs have significant role on interest rates charged by banks. (Tick whichever applicable.)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Q.10 A higher NPA may adversely affect attitude towards fresh credit proposals and thus credit growth: (Tick whichever applicable.)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
Q.11 A higher NPA may force banks to depend on subordinated debt at high cost to supplement the capital requirements: Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

SECTION IV (MANAGEMENT OF NPAs)

Q.12 Different banks adopt different mechanisms for managing NPAs. In your bank, NPA is managed through: (Tick wherever applicable, you may tick more than one also)

☐ Reporting frauds to RBI
☐ Increasing the collateral requirement
☐ Sound risk assessment mechanism
☐ Compromise on settlement schemes
☐ Releasing willful defaulters list
☐ Any other (please specify)

Q.13 "NPA can be controlled if banks improve the system of loan appraisal". (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree
Q.14 The problems of NPA can be reduced to a great extent by maintaining a continuous rapport/relationship with borrower customers: (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

Q.15 Do you feel that securitization of loan, fixing interest rates, processing charges etc should depend on individual loan proposal based on the quality of borrower (assessed through the reports), nature of business, etc: (Tick whichever applicable.)

☐ Yes
☐ No
☐ No opinion

Q.16 By promoting corporate governance practices in organizations that have dealings with bank; the NPA level can be reduced: (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree
Q.17 Do you think NPA can be reduced if bank involve chamber of commerce, federation of industries, etc in decision making forums: (Tick whichever applicable.)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

Thanks for your cooperation.