

SARFAESI Act and Cross-Border Asset Recovery : A Comparative Analysis with International Frameworks

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Abstract

The study examines the effectiveness of India's SARFAESI Act, 2002 in resolving NPAs compared with international cross-border insolvency frameworks. The research employs empirical analysis of recovery rates and resolution timelines using RBI and IBBI data from 2019-2024. Findings indicate that SARFAESI-based resolutions achieve higher recovery rates domestically, but cross-border cases experience substantially lower recoveries and prolonged timelines. Comparative analysis with UNCITRAL Model Law jurisdictions reveals that formal cross-border coordination mechanisms enhance recovery outcomes. The paper contributes to policy discourse by advocating for balanced frameworks that protect creditor rights while incorporating robust safeguards against abuse of enforcement powers, ensuring equitable treatment of borrowers and preventing misuse of public funds through strengthened regulatory oversight and transparent ARC operations.

JEL Code : G21; G28; G33; K11; K29

Keywords : SARFAESI Act; NPA; ARC; RBI; IBBI; Cross-Border Insolvency; Asset Recovery; Creditor Rights; Borrower Protection; India

I. Introduction

THE CONTINUED EXISTENCE of Non-Performing Assets (NPAs) poses systemic risks to banking stability, credit transmission, and macroeconomic growth. In India, despite significant legal reforms including the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, and the Insolvency and Bankruptcy Code (IBC), 2016, NPA resolution remains partial, particularly in cases involving cross-border elements where borrowers and assets span multiple jurisdictions (Singh, 2021; RBI, 2022).

The SARFAESI Act, 2002 represented a paradigm shift in Indian banking law by empowering secured creditors to enforce security interests without

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Notwithstanding these limitations, this study provides clear direction for policy: sustainable improvement in India's NPA resolution performance requires cross-border harmonisation, strengthened ARC oversight, and robust borrower protection mechanisms within an integrated framework that balances efficiency with accountability.

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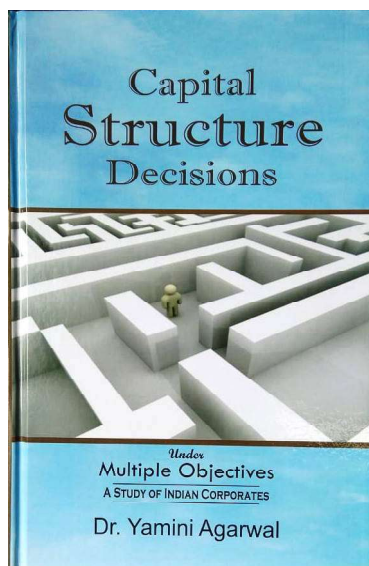
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