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From Securitization to Resolution: The Convergence of Sarfaesi, IBC and the Banking Regulation Act in Non-Performing Asset Management

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Abstract

Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI), the Insolvency and Bankruptcy Code 2016 (IBC), and the Banking Regulation Act 1949 operate in overlapping yet functionally distinct domains. This article examines the doctrinal and practical tensions arising from the concurrent application of these statutes, arguing that the absence of a hierarchical coordination mechanism generates forum-shopping opportunities, procedural inefficiencies, and substantive inequities for secured creditors and debtor-borrowers alike. The central inquiry interrogates whether SARFAESI's security enforcement paradigm—characterised by creditor self-help measures under sections 13 and 14—has been substantively displaced by IBC's collective resolution mechanism, or whether both frameworks retain complementary validity under the Banking Regulation Act's supervisory umbrella. The Supreme Court's judgment in *Transcore v Union of India (2018) 11 SCC 488*, upholding SARFAESI's constitutional validity while circumscribing its procedural ambit, and the subsequent *Dharani Sugars and Chemicals Ltd v Union of India (2019) 7 SCC 462*, which clarified the conditions precedent for IBC initiation, provide the primary jurisprudential anchors. The article further analyses the Reserve Bank of India (RBI)'s circulars—particularly the February 2018 revised framework for resolution of stressed assets subsequently quashed in *RBI v Power Sector (2019) 11 SCC 1*—to demonstrate how delegated legislation attempts to harmonise these statutory instruments.

Methodologically, the study employs doctrinal legal analysis supplemented by comparative reference to the UK Financial Services and Markets Act 2000 and the US Dodd-Frank Act's resolution regimes. The comparative dimension illuminates how mature jurisdictions have institutionalised "no creditor worse off" safeguards absent from India's fragmented framework. The article contends that the Banking Regulation Act's section 35A moratorium powers, when invoked alongside SARFAESI enforcement and IBC admission, create a regulatory trilemma wherein RBI's prudential objectives may conflict with creditor rights and debtor protections.

The contribution lies in proposing a statutory coordination protocol modelled on the UK's "special resolution regime" principles, incorporating mandatory stay provisions, asset valuation standards, and cross-statutory judicial review mechanisms. The findings suggest that effective NPA resolution requires not merely procedural convergence but a fundamental reconceptualization of secured creditor priority within collective insolvency proceedings, balancing financial stability imperatives with distributive justice concerns.

Keywords: SARFAESI Act 2002, Insolvency and Bankruptcy Code 2016, Banking Regulation Act 1949, non-performing assets, secured creditor rights, RBI circulars.

Introduction

The management of Non-Performing Assets (NPAs) has long been a thorn in the side of the Indian banking sector, representing a structural impediment to financial stability and economic growth. When loans go south, banks' liquidity and profitability take a hit, threatening the broader economy through reduced credit availability, diminished investor confidence, and systemic risk propagation. The Indian banking system, particularly public sector banks, has historically grappled with NPAs exceeding sustainable thresholds, with gross NPA ratios peaking at 11.46% in March 2018 before gradually declining to approximately 3.9% by March 2024, according to Reserve Bank of India data.

Over the years, India's legal framework for handling NPAs has evolved significantly, with three statutes playing starring

roles: The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), the Insolvency and Bankruptcy Code, 2016 (IBC), and the Banking Regulation Act, 1949 (BR Act). These laws intersect to create a more cohesive approach to recoveries and resolutions, charting a journey from asset securitization to full-fledged insolvency resolution. The SARFAESI Act revolutionized secured creditor rights by enabling extrajudicial enforcement of security interests, while the IBC introduced a paradigm shift toward time-bound collective resolution processes. Meanwhile, the BR Act continues to serve as the regulatory backbone, empowering the Reserve Bank of India to prescribe prudential norms and supervisory frameworks ^[1].

This article explores how SARFAESI, IBC, and the BR Act converge to create a multi-layered legal architecture tackling

NPAs, examining their synergies, challenges, and future directions.

Background: The Problem of NPAs in India

India's banking system has wrestled with mounting NPAs for decades, with recovery mechanisms historically slow and fragmented. The genesis of the NPA crisis can be traced to multiple factors, including directed lending mandates, inadequate credit appraisal mechanisms, political interference in loan decisions, and global economic shocks. Banks often found themselves bogged down in lengthy litigation under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (RDB Act), yielding poor recovery rates and prolonged asset stagnation. The average time for recovery through civil courts often exceeded seven years, rendering the process economically unviable for many lenders.

The magnitude of the problem reached alarming proportions in the mid-2010s, with gross NPAs crossing Rs. 10 lakh crore. This crisis necessitated a fundamental rethinking of India's approach to debt recovery and insolvency resolution. The twin balance sheet problem—where both banks and corporates were stressed—exposed the inadequacies of existing legal frameworks and catalyzed legislative reforms. The evolution reflects a global trend toward specialized insolvency regimes that balance creditor rights with debtor rehabilitation. India's framework draws inspiration from international best practices, including the UNCITRAL Legislative Guide on Insolvency Law, while adapting to domestic institutional realities.

The SARFAESI Act ^[2] marked a turning point by empowering banks and financial institutions to enforce security interests without getting bogged down in courts. Yet, SARFAESI's reach was limited to secured creditors and did not cater to insolvency or business revival. The introduction of the Insolvency and Bankruptcy Code revolutionized the insolvency landscape by consolidating multiple laws into a single, time-bound framework designed to maximize asset value and expedite resolution. Meanwhile, the Banking Regulation Act continued to underpin regulatory oversight, with amendments aligning it with the needs of modern NPA management.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)

SARFAESI empowers secured creditors to step into the driver's seat and recover defaulted loans by enforcing security interests without waiting on courts. The Act defines a "secured creditor" as banks or financial institutions holding security interests over assets, and "security interest" as any right or interest in movable or immovable property securing a loan. Banks can issue a notice demanding repayment within 60 days under Section 13(2), and if the borrower fails to comply, they can take possession, appoint a receiver, or sell the asset to recover dues under Section 13(4). This mechanism significantly shortened recovery timelines and cut down litigation costs.

Before SARFAESI, lenders had to endure cumbersome proceedings under the Recovery of Debts Due to Banks and Financial Institutions Act or civil suits, often dragging on for years. The Act's extrajudicial framework was designed to circumvent the delays endemic to India's overburdened civil court system, where debt recovery cases often languished for decades. The Act also provides for the establishment of Asset Reconstruction Companies (ARCs) to acquire NPAs from

banks and facilitate their resolution. The ARC framework has grown substantially, with 29 RBI-registered ARCs managing approximately Rs. 2.8 lakh crore in assets under management as of FY2024 estimates.

The Act incorporates procedural safeguards to prevent arbitrary enforcement, including the right of the borrower to appeal to the Debt Recovery Tribunal under Section 17 within 45 days of the enforcement action. However, the pre-deposit requirement of 50% of the claimed amount under Section 18 has been a subject of judicial scrutiny, with the Supreme Court in *Mardia Chemicals Ltd v. Union of India* upholding the constitutional validity of the Act while emphasizing the need for balanced application.

Despite these strengths, SARFAESI only applies to secured creditors and does not offer a mechanism for restructuring or reviving companies. Its focus on asset enforcement leaves gaps in addressing broader insolvency issues, necessitating a more comprehensive legal framework. The Act has also faced challenges regarding the valuation of secured assets, with courts emphasizing the need for fair valuation processes to protect borrower interests. Recent judicial developments have further clarified the scope of SARFAESI, with the Supreme Court in *Swiss Ribbons Pvt Ltd & Anr v Union of India & Ors* upholding the constitutional validity of SARFAESI alongside IBC, affirming their complementary roles.

The Insolvency and Bankruptcy Code, 2016 (IBC)

The IBC consolidated multiple insolvency laws into one streamlined, time-bound code. It introduced the Corporate Insolvency Resolution Process (CIRP), which can be initiated by financial creditors, operational creditors, or the debtor itself upon default. Once triggered, a resolution professional takes charge to manage the company's affairs and seek resolution plans from interested bidders. The IBC's cornerstone is its strict timeline—generally 330 days to complete the resolution, including litigation—and the creation of a Committee of Creditors (CoC) empowered to approve or reject plans ^[3].

The Supreme Court has emphasized the importance of adhering to these timelines to avoid unnecessary delays, focusing on reviving viable businesses instead of pushing them into liquidation. The Code represents a fundamental shift from the earlier regime where liquidation was the default outcome, to one where resolution and value preservation are prioritized. This framework fosters competitive bidding for stressed assets, preserves asset value through continued operations, and ensures a clear hierarchy of creditor claims, thereby improving recovery outcomes and creditor confidence.

The waterfall mechanism under Section 53 establishes a structured priority of claims, with insolvency resolution process costs and liquidation expenses ranking first, followed by secured creditors, workmen's dues, unsecured financial creditors, government dues, and finally equity shareholders. The IBC has also introduced significant innovations regarding personal guarantors. The Supreme Court in *Surendra B. Jiwrajika v. Omkara Assets Reconstruction Private Limited* clarified that personal guarantors' liability remains unaffected even when a corporate debtor is released from obligations through an approved resolution plan. This dual safety net enhances creditor recoveries and strengthens the credit ecosystem.

The Supreme Court's jurisprudence has been instrumental in shaping IBC implementation. In *Innovative Industries Ltd v ICICI Bank & Anr*, the Court emphasized the mandatory,

time-bound nature of IBC resolution, discouraging delays and promoting business revival. In *Mobilox Innovations Pvt Ltd v Kirusa Software Pvt Ltd*, the Court stressed that parties must not use procedural tactics to frustrate insolvency timelines.

However, recent judgments have also highlighted tensions between IBC and other statutes. The Supreme Court in *National Spot Exchange Ltd. v. Union of India (2025)* held that the Maharashtra Protection of Interest of Depositors Act and the Prevention of Money Laundering Act would take precedence over IBC in certain contexts, raising critical concerns about the consistency of the IBC's design.

The Banking Regulation Act, 1949 (BR Act)

The BR Act forms the bedrock of banking regulation in India, empowering the Reserve Bank of India (RBI) to supervise and regulate banks to ensure stability. Over the years, amendments have equipped the RBI with powers to issue guidelines on asset classification, provisioning norms, and loan restructuring. The Act also empowers the RBI to supersede bank boards, issue directions, and impose penalties, playing a critical role in enforcing discipline and governance in the banking sector^[4].

RBI uses the BR Act to set prudential norms, such as when banks must initiate insolvency proceedings under the IBC for NPAs, thereby nudging timely action. The convergence of the BR Act with SARFAESI and IBC is visible in regulatory oversight complementing statutory recovery and resolution mechanisms, creating a multi-tiered framework. RBI's prudential norms under the BR Act establish the foundation for NPA recognition and management. Assets are classified into four categories: Standard, Sub-standard, Doubtful, and Loss Assets, with provisioning requirements ranging from 0.25% for standard assets to 100% for loss assets.

The Banking Laws (Amendment) Bill, 2024^[5], passed by the Lok Sabha on December 3, 2024, seeks to modernize India's banking framework by amending five important statutes including the BR Act. Key amendments include relaxing the "substantial interest" threshold for directorships from Rs. 500,000 to Rs. 20,000,000 or 10% of paid-up capital, redefining reporting dates for cash reserve ratio calculations, and expanding the scope of unclaimed amounts transfer to the Investor Education and Protection Fund.

However, concerns have been raised regarding certain provisions. The Bill empowers banks to decide the remuneration of their auditors, a responsibility previously held by the RBI in consultation with the central government. Industry stakeholders have expressed apprehension that without addressing auditor appointment and rotation processes, the independence and quality of audits could be compromised. Additionally, the increased threshold for "substantial interest" necessitates robust disclosure requirements to ensure transparency and prevent conflicts of interest.

Convergence in Practice: Complementary Roles and Challenges

The three statutes work together to tackle different facets of NPA management. SARFAESI offers a swift recovery tool for secured creditors; IBC provides a comprehensive insolvency resolution process; and the BR Act ensures regulatory supervision and prudential norms. Banks often try SARFAESI first to recover dues quickly. When asset enforcement isn't enough or the borrower's financial distress is systemic, they initiate insolvency proceedings under the IBC for a more holistic solution. RBI guidelines prescribe

timelines and thresholds, ensuring banks act promptly and prudently.

Judicial interpretations have clarified boundaries and overlaps. The Supreme Court has reinforced strict adherence to IBC timelines, discouraging tactics to delay resolution. Yet, challenges remain—overlapping jurisdictions, valuation disputes, multiple creditor claims, and procedural delays can complicate recovery and resolution. The Supreme Court has consistently deprecated forum shopping and parallel proceedings, emphasizing that once IBC proceedings are admitted, the moratorium under Section 14 stays all other enforcement actions including SARFAESI proceedings.

In recent judgments, the Supreme Court has clarified that the doctrine of election cannot be applied to prevent financial creditors from approaching NCLT for initiation of CIRP even when recovery proceedings are pending before DRT or SARFAESI enforcement has been initiated. However, the Court has also cautioned against misuse of IBC as a mere recovery tool, particularly where the corporate debtor is viable and operational. In *GLAS Trust Co. LLC v. BYJU Raveendran*, the Court reaffirmed that IBC must not be misused by individual creditors as a tool for coercion or recovery, especially where the corporate debtor is viable and operational.

The ARC industry has emerged as a critical intermediary in the NPA resolution ecosystem. With 29 RBI-registered ARCs and an estimated AUM of Rs. 2.8 lakh crore, these entities play a pivotal role in acquiring stressed assets from banks and facilitating their resolution through enforcement, restructuring, or sale. The RBI's Master Direction on Asset Reconstruction Companies (2024) provides comprehensive regulatory guidance on ARC operations, including minimum net owned funds requirements, cash component mandates for NPA assignments, and governance standards. When a corporate debtor in an ARC's portfolio enters CIRP, the ARC must pivot from enforcement to creditor participation, filing claims and participating in the CoC. The ARC's voting weight equals the financial debt owed to it, providing significant influence in resolution decisions.

Recent Amendments and Developments

The legal framework continues to evolve. Amendments to the IBC introduced pre-packaged insolvency resolution processes for MSMEs to expedite resolution, recognizing the unique challenges faced by smaller enterprises in navigating formal insolvency proceedings. This innovation allows for debtor-in-possession models where existing management continues operations under the supervision of an insolvency professional, reducing disruption and preserving value. The pre-packaged framework represents a significant departure from the traditional CIRP model, emphasizing speed and flexibility while maintaining creditor oversight.

Judicial scrutiny of SARFAESI provisions has sought to balance creditor rights with borrower protections, including fair asset valuation and sale processes. Courts have emphasized the need for transparent auction mechanisms, independent valuation, and adequate notice periods to ensure borrowers receive fair value for their assets. The Supreme Court has consistently held that while SARFAESI provides expeditious recovery mechanisms, it must be exercised within constitutional bounds and procedural fairness requirements.

RBI updates prudential norms regularly, enhancing disclosure and transparency to boost market discipline. The Master Direction on KYC (2024) amendments, the framework for Self-Regulatory Organisations, and the Key Facts Statement

requirements for loans and advances reflect the regulator's ongoing efforts to strengthen the credit ecosystem. The Key Facts Statement initiative, in particular, enhances borrower awareness by mandating standardized disclosure of loan terms, interest rates, and charges, promoting responsible lending practices and informed borrower decision-making.

Emerging Issues in NPA Management Laws

One major concern is the timing and sequencing of invoking SARFAESI and IBC remedies. Ambiguity over whether SARFAESI must be exhausted before IBC proceedings or vice versa sometimes leads to delays or forum shopping, defeating the purpose of swift resolution. While judicial pronouncements have clarified that parallel proceedings are permissible until IBC admission triggers the moratorium, strategic uncertainty persists regarding the optimal sequencing of remedies. The Supreme Court's recent jurisprudence in cases involving real estate developers has emphasized that creditors invoking IBC must do so with genuine willingness to pursue revival, not merely as an additional coercive tool.

Asset valuation during SARFAESI sales and IBC resolution plans remains contentious. Without standardized valuation norms, disputes arise, prolonging litigation and impacting recovery confidence. The absence of a centralized valuation framework leads to divergent assessments, with secured creditors often claiming higher values while resolution professionals and bidders discount assets based on market conditions and encumbrances. The development of standardized valuation methodologies, potentially through regulatory mandate or industry self-regulation, could significantly enhance recovery predictability and reduce disputes.

The treatment of unsecured and operational creditors under IBC poses challenges. While collective resolution is the goal, unsecured creditors often face lower recoveries, raising fairness concerns. The Supreme Court in *Swiss Ribbons* upheld the constitutional validity of differential treatment, reasoning that financial creditors possess the expertise to assess resolution plan viability and bear the risk of non-payment. However, operational creditors, particularly small suppliers and service providers, may suffer significant hardship when their claims are substantially discounted in resolution plans. The Committee of Creditors framework, while efficient for decision-making, excludes operational creditors from voting rights unless their claims exceed 10% of total debt, raising concerns about equitable participation.

Capacity constraints in insolvency professionals and adjudicating authorities hamper timely case handling, risking statutory timeline breaches. The NCLT and NCLAT face significant case backlogs, with average CIRP durations exceeding the statutory 330-day limit. The insolvency professional ecosystem, while growing, requires continued investment in training, specialization, and ethical standards to meet the demands of complex corporate restructuring. The NCLT's Annual Report 2024-2025 highlights the growing caseload and the need for additional benches and judicial resources.

Finally, the interplay between RBI regulatory guidelines under the BR Act and statutory provisions creates compliance complexities for banks, especially on provisioning and resolution triggers. Banks must navigate multiple regulatory requirements simultaneously, including asset classification norms, provisioning standards, capital adequacy requirements, and resolution timelines. The potential for conflicting signals from regulatory and statutory frameworks necessitates careful

coordination between RBI, the Insolvency and Bankruptcy Board of India (IBBI), and other regulatory bodies.

Key Case Laws Illustrating the Legal Landscape Several Judgments have Shaped this Legal Landscape

- i). **Swiss Ribbons Pvt Ltd & Anr v Union of India & Ors** ^[7]: Upheld the constitutional validity of IBC and SARFAESI, affirming their complementary roles and balancing creditor and debtor interests. The Court rejected claims of discrimination against operational creditors under Article 14, holding that differential treatment reflects the distinct roles and risk profiles of financial and operational creditors.
- ii). **Innoventive Industries Ltd v ICICI Bank & Anr** ^[8]: Emphasized the mandatory, time-bound nature of IBC resolution, discouraging delays and promoting business revival. The Court held that the IBC's strict timelines are essential to preserving asset value and preventing debtor asset stripping.
- iii). **Mobilox Innovations Pvt Ltd v Kirusa Software Pvt Ltd** ^[9]: Stressed that parties must not use procedural tactics to frustrate insolvency timelines. The Court recognized that while procedural safeguards are necessary, they cannot be weaponized to defeat the Code's objectives.
- iv). **Mardia Chemicals Ltd v Union of India** ^[10]: Upheld SARFAESI's validity for secured creditors to enforce security without court intervention, reinforcing recovery mechanisms while requiring fair valuation and procedural compliance.
- v). **Committee of Creditors of Essar Steel India Ltd v Satish Kumar Gupta** ^[11]: Clarified CoC and adjudicating authority powers in approving resolution plans, emphasizing transparency and fairness. The Court held that while the CoC's commercial wisdom is generally non-justiciable, the adjudicating authority must ensure compliance with statutory requirements and prevent discriminatory treatment of creditors.
- vi). **Standard Chartered Bank v. Essar Steel India Ltd:** Took the extraordinary step of holding that financial and operational creditors must receive virtually identical treatment in resolution plans, highlighting the judiciary's concern for equitable treatment of all stakeholders.
- vii). **National Spot Exchange Ltd. v. Union of India (2025)** ^[12]: Held that the Maharashtra Protection of Money Laundering Act would take precedence over IBC, SARFAESI, and the RDB Act in certain contexts, denying secured creditors the right to enforce security over attached properties. This ruling raises critical concerns about the consistency of the IBC's design and the potential for state-driven priorities to displace the collective resolution model.

Conclusion and Suggestions

The convergence of SARFAESI, IBC, and the Banking Regulation Act has reshaped Non-Performing Asset management in India. Together, they offer a layered framework balancing speedy recovery, structured resolution, and regulatory oversight. The SARFAESI Act provides the frontline enforcement mechanism for secured creditors, the IBC offers a comprehensive collective resolution process, and the BR Act ensures regulatory discipline and prudential oversight.

Still, challenges like procedural overlaps, valuation disputes, and capacity constraints require ongoing attention. To enhance effectiveness: Regulatory clarity on sequencing SARFAESI and IBC actions would prevent procedural conflicts. Standardizing asset valuation methods can reduce disputes and improve recovery predictability. Building capacity among insolvency professionals and adjudicating authorities is vital for timely resolutions. Mechanisms to improve creditor coordination can smooth resolution processes. Incorporating borrower rehabilitation and flexible restructuring options may foster sustainable credit ecosystems. Ensuring regulatory and statutory provisions evolve in harmony will reduce compliance complexities.

As India's financial ecosystem grows more complex, refining the synergy between these laws remains crucial for banking sector resilience and broader economic health. The journey from securitization to resolution is ongoing, and the convergence of SARFAESI, IBC, and the BR Act represents a significant milestone in India's financial sector evolution. However, the ultimate measure of success will lie not in the sophistication of legal frameworks but in their practical effectiveness in preserving asset value, facilitating business revival, and maintaining financial stability in the face of inevitable credit cycles.

To enhance the effectiveness and sustainability of India's NPA management framework, the following structural reforms merit serious consideration:

- i). **First**, regulatory clarity on the sequencing of SARFAESI and IBC actions is imperative. A statutory or regulatory framework specifying the circumstances under which each remedy is appropriate—perhaps through a decision matrix based on asset coverage ratios, debtor viability assessments, and creditor composition—would provide certainty to lenders and borrowers alike. The RBI, in consultation with IBBI, should issue comprehensive guidelines that prevent forum shopping while preserving creditor flexibility in remedy selection.
- ii). **Second**, standardizing asset valuation methods can reduce disputes and improve recovery predictability. The development of industry-specific valuation guidelines, mandatory independent valuation for assets exceeding specified thresholds, and transparent auction mechanisms with standardized disclosure requirements would enhance confidence in the recovery process. Consideration should be given to establishing a centralized valuation authority or accrediting professional valuation bodies under IBBI oversight to ensure consistency and credibility.
- iii). **Third**, building capacity among insolvency professionals and adjudicating authorities is vital for timely resolutions. This requires expanding NCLT benches, particularly in jurisdictions with high case volumes, investing in specialized training programs for judicial members and resolution professionals, and developing sector-specific expertise in real estate, infrastructure, and financial services. The IBBI should enhance its continuing education requirements and introduce specialization certifications for insolvency professionals handling complex corporate restructuring.
- iv). **Fourth**, mechanisms to improve creditor coordination can smooth resolution processes. The development of creditor committees outside formal insolvency proceedings, standardized inter-creditor agreements, and enhanced information sharing protocols would facilitate consensual restructuring and reduce the need for formal insolvency intervention. The RBI's existing framework

for Joint Lenders' Forums could be revitalized with binding decision-making mechanisms and clear escalation pathways to IBC when consensual resolution fails.

- v). **Fifth**, incorporating borrower rehabilitation and flexible restructuring options may foster sustainable credit ecosystems. Pre-default restructuring frameworks, debtor education programs, and early warning systems could prevent financial distress from escalating to formal insolvency. The pre-packaged insolvency framework for MSMEs should be evaluated for potential extension to mid-market corporates, with appropriate safeguards to prevent abuse. The RBI's August 2020 resolution framework for COVID-19 related stress demonstrated the potential for proactive, regulator-facilitated restructuring; similar mechanisms for systemic stress scenarios should be institutionalized.
- vi). **Sixth**, ensuring regulatory and statutory provisions evolve in harmony will reduce compliance complexities for banks. Coordination between RBI, IBBI, SEBI, and other regulators is essential to prevent conflicting requirements and ensure consistent treatment of stressed assets across regulatory domains. The establishment of a high-level coordination committee, perhaps under the Financial Stability and Development Council, could facilitate inter-regulatory harmonization and provide a forum for addressing emergent conflicts.
- vii). **Seventh**, the development of secondary markets for stressed assets deserves priority attention. Trading platforms for security receipts and NPA portfolios, expanded participation from institutional investors and private equity funds, and regulatory frameworks facilitating foreign investment in stressed assets would enhance liquidity and price discovery. The RBI's existing ARC framework could be expanded to permit broader investor participation, while SEBI could develop appropriate disclosure and investor protection frameworks for stressed asset securities.
- viii). **Eighth**, technological innovation should be harnessed to enhance NPA management efficiency. Digital platforms for asset auctions, blockchain-based security interest registration, and AI-driven credit monitoring could reduce transaction costs, improve transparency, and accelerate resolution timelines. The RBI's initiatives toward digital lending and fintech regulation should be extended to the NPA resolution ecosystem, enabling faster information sharing, automated compliance monitoring, and enhanced market access for stressed assets.

As India's financial ecosystem grows more complex and integrated with global capital markets, refining the synergy between SARFAESI, IBC, and the BR Act remains crucial for banking sector resilience and broader economic health. The journey from securitization to resolution is ongoing, and the convergence of these three statutes represents a significant milestone in India's financial sector evolution. However, the ultimate measure of success will lie not in the sophistication of legal frameworks but in their practical effectiveness in preserving asset value, facilitating business revival, maintaining financial stability, and ensuring equitable treatment of all stakeholders in the face of inevitable credit cycles. The path forward requires sustained commitment to institutional capacity building, regulatory agility, and stakeholder collaboration. Only through such comprehensive

efforts can India's NPA management framework achieve its intended objectives of reducing systemic stress, protecting depositor interests, and promoting a vibrant, sustainable credit economy that supports the nation's broader developmental aspirations.

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