

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

**UNSTARRED QUESTION NO. 48
ANSWERED ON MONDAY THE 4TH DECEMBER, 2023
AGRAHAYANA 13, 1945 (SAKA)**

INSOLVENCY AND BANKRUPTCY CODE, 2016

QUESTION

**48. DR. UMESH G. JADHAV:
SHRI PRATHAP SIMHA:
SHRI L.S. TEJASVI SURYA:
SHRI ANNASAHEB SHANKAR JOLLE:**

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Insolvency and Bankruptcy Code, 2016 has enabled faster and smoother closure of companies in the country, If so, the benefits of bringing the Code;**
- (b) the number of companies which have closed or been liquidated following the procedure under the Code since its inception, year-wise;**
- (c) the average time taken to liquidate or close companies currently and the average time taken for the closure of companies before the inception of the Code;**
- (d) the total valuation or amount of the companies which have been closed or liquidated so far, year-wise, number and value of companies which are under liquidation or closure; and**
- (e) the manner in which the IBC helped in furthering Ease of Doing Business in the country?**

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]

- (a) The IBC was enacted to consolidate and amend laws for the insolvency resolution of corporate persons, partnership firms, and individuals, has brought significant improvements to India's insolvency framework. Designed to resolve insolvencies within a defined timeframe, it aims to maximize value of assets of such insolvent entities, boost entrepreneurship, and ensure credit availability. By balancing stakeholders' interests and modifying government dues' priority, the IBC facilitates a more equitable resolution process.**
- (b) As per data provided by Insolvency and Bankruptcy Board of India (IBBI), the Regulator under the Code, as on 30th September 2023, the year-wise closure/dissolution of corporate persons under liquidation and voluntary liquidation under the Code is as follow:**

Period	Number of closure/dissolution of corporate persons under liquidation	Number of dissolutions under voluntary liquidation
2017 – 18	1	2
2018 – 19	7	40
2019 – 20	63	110
2020 – 21	75	96
2021 – 22	90	107
2022 – 23	81	174
Apr-Sept 23	66	115
Total	383	644

(c) 383 liquidation processes took, on an average, 465 days for submission of final report and 631 days for closure. 644 voluntary liquidation processes took, on an average, 389 days for submission of final report and 676 days for dissolution.

As regards, the average time taken for closure of companies before the inception of the Code, the process of winding up was being governed under the Companies Act, 1956 and Companies (Court) Rules, 1959. The entire liquidation process, apart from complexity of the case and size of the company depended on several factors including appointing a liquidator, sale of company assets and agreeing on creditors' claims etc. as per orders/directions of the concerned High Court. Hence, the average time taken for dissolving the companies differs from state to state.

(d) Liquidation value of corporate persons which have witnessed process closure or dissolved under liquidation as on 30th September 2023 are as follow:

Period	Valuation (In Rs. Crore)
2017 – 18	1
2018 – 19	1
2019 – 20	210
2020 – 21	1,108
2021 – 22	760
2022 - 23	741
Apr-Sept 23	144
Total	2,965

As on 30th September 2023, 1866 cases are undergoing the liquidation process and the liquidation value, for 1804 cases in which data is available, is Rs.56,563 crore. Further, 1005 cases are undergoing the voluntary liquidation process. Valuation information for corporate persons undergoing voluntary liquidation process and dissolved are not maintained by IBBI.

(e) The IBC has significantly advanced the Ease of Doing Business in India by introducing a more efficient insolvency resolution process. Designed to resolve insolvencies within a defined timeframe, it aims to maximize value of assets of such insolvent entities, boost entrepreneurship, and ensure credit availability.
