

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 1250
ANSWERED ON MONDAY THE 6TH DECEMBER, 2021
AGRAHAYANA 15, 1943 (SAKA)**

CLAIMS UNDER IBC

QUESTION

1250. SHRI PINAKI MISRA:

Will the Minister of CORPORATE AFFAIRS

be please to state:

- (a) the details of the recovery rate against the admitted claims under the Insolvency and Bankruptcy Code, 2016 during the last three years;**
- (b) the number of cases in which more than or equal to 50 per cent haircut have been accepted by the creditors;**
- (c) the percentage of insolvency proceedings not resolved within the stipulated timeline specified under the IBC, 2016, year-wise;**
- (d) the reasons underpinning the delayed resolution and heavy haircuts;**
- (e) the steps taken by the Ministry to address the issues of delayed resolution, less recovery rate and heavy haircuts; and**
- (f) the status of professional Code of Conduct for the Committee of Creditors and the expected timeline for its notification?**

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): According to data available with the Insolvency and Bankruptcy Board of India (IBBI), during the period of three years from April 2018 to March 2021, 348 corporate insolvency resolution processes ended with resolution plans. The realizable value for creditors in these cases was 36.31% of their admitted claims.**
- (b): Upto 31st March, 2021, in 252 of the 348 cases resolved under the IBC, creditors have accepted realization of 50 per cent or less of their admitted claims.**

(c): The percentage of insolvency proceedings not resolved within the stipulated timeline of 330 days is as following:

2018-19	16.41%
2019-20	20.92%
2020-21	45.86%

(d): Insolvency resolution process is market driven and the outcome depends on market forces. In addition to this the time taken for resolution and actual realisations depends on several factors, including the nature of business, business cycles, market sentiments, and marketing effort. It, however, critically depends on at what stage of stress, the company enters the IBC process. If the company has been sick for years, and the assets have depleted significantly, the IBC process may yield low realisations for creditors or may result in even liquidation.

(e): Government is taking all steps to strengthen the NCLT, in order to reduce the delays in disposal of cases. Five new Benches of NCLT have been announced during year 2018 and 2019 at Jaipur, Cuttack, Kochi, Indore and Amaravati. Vacant posts of Members in NCLT are being filled up regularly. Government has appointed 19 new Members in NCLT recently. For capacity building of Members, regular colloquiums are being held. e-Court Project is also being implemented by National Informatics Centre (NIC) for all the benches of NCLT. To enable value maximization, IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 were amended to enable the resolution professional to use a challenge mechanism to enable resolution applicants to improve their resolution plans. Further, to monitor delayed insolvency resolution processes, the IBBI (the Regulator) has introduced a Form to be filed by the resolution professionals on monthly basis.

(f): IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 were amended to provide that Committee of Creditors (CoC) and its members shall discharge functions and exercise powers under the IBC in compliance with the guidelines as may be issued by IBBI.
