GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 4138
ANSWERED ON MONDAY THE 18TH AUGUST, 2025/ SRAVANA 27, 1947 (SAKA)

IMPACT OF IBC ON EASE OF DOING BUSINESS

QUESTION

4138. SHRI KOTA SRINIVASA POOJARY:
SHRI VISHWESHWAR HEGDE KAGERI:
SHRI RAO RAJENDRA SINGH:
SHRI TEJASVI SURYA:
SHRI KHAGEN MURMU:
SHRI VISHNU DAYAL RAM:
SHRI JANARDAN MISHRA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the details of the major achievements of the Insolvency and Bankruptcy Code (IBC) and impact on the ease of doing business in the country;

(b) the data regarding the recovery rate achieved by lenders under the IBC as compared to the earlier insolvency regime/bankruptcy system;

(c) the data regarding the non-performing assets (NPAs) and its impact on the banking sector after the implementation of the IBC along with the steps taken to minimise delays occurring in applicants under IBC;

(d) the role of the IBC in bringing out a positive change in the credit culture in the country; and

(e) the steps taken by the Government to incentivise resolution professionals who are instrumental in dispute resolution?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

[HARSH MALHOTRA]

(a)& (b): The major achievement of the Insolvency and Bankruptcy Code (IBC) has been its ability to resolve financially distressed companies and realisation by the creditors thereon. By offering a clear and time-bound framework for revival, the IBC

has strengthened creditor confidence and encouraged both domestic and foreign investment. The IBC has played a pivotal role in improving the ease of doing business in India by introducing a faster and more structured insolvency resolution process maximising the value of assets, promote entrepreneurship, availability of credit and balance the interests of all the stakeholders. As of March 31, 2025, a total of 1,194 companies have been successfully resolved under the IBC framework. Through these cases, creditors have realised an amount of ₹3.89 lakh crore, which is 32.8% of the total admitted claims, over 170% of the liquidation value and more than 93% of the fair value of these companies, as assessed at the time of admission into the IBC process.

(c): IBC has played a crucial role in improving the overall health of India's banking sector. According to the latest RBI's Financial Stability Report (June 2025), Gross Non-Performing Assets (GNPAs) have significantly declined, reaching a multi-decadal low of 2.3% at the end of March 2025. This reduction indicates a stronger, more stable banking system. The RBI's Report on Trends and Progress of Banking in India for 2023-24 (released on December 26, 2024) highlights that SCBs recovered a total of ₹96,325 crore through various channels. Out of this, the IBC channel alone contributed a significant ₹46,340 crore, accounting for 48.1% of the total recoveries. The Government has undertaken six legislative amendments to the IBC and introduced over 100 changes to the regulations since its inception, to strengthen the insolvency resolution framework and enhance procedural efficiency thus minimizing the delays.

(d): The IBC has led to a behavioural shift among companies and their debtors. By creating a credible threat that defaulting companies might lose ownership, the Code has fundamentally reshaped the dynamics between debtors and creditors.

(e): Several initiatives have been taken to build the capacity of insolvency professionals (IPs). In FY 2024–25, the Insolvency and Bankruptcy Board of India (IBBI) conducted a series of workshops, webinars, and conclaves to enhance practical skills. It also collaborated with expert bodies like the World Bank, Indian Institute of Corporate Affairs (IICA) and International Finance Corporation (IFC) for training and research. Additionally, international conferences at Indian Institute of Management (IIM) Ahmedabad, IIM Bangalore, and Indian School of Business (ISB) Hyderabad brought together global experts, offering IPs valuable exposure to best practices.

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