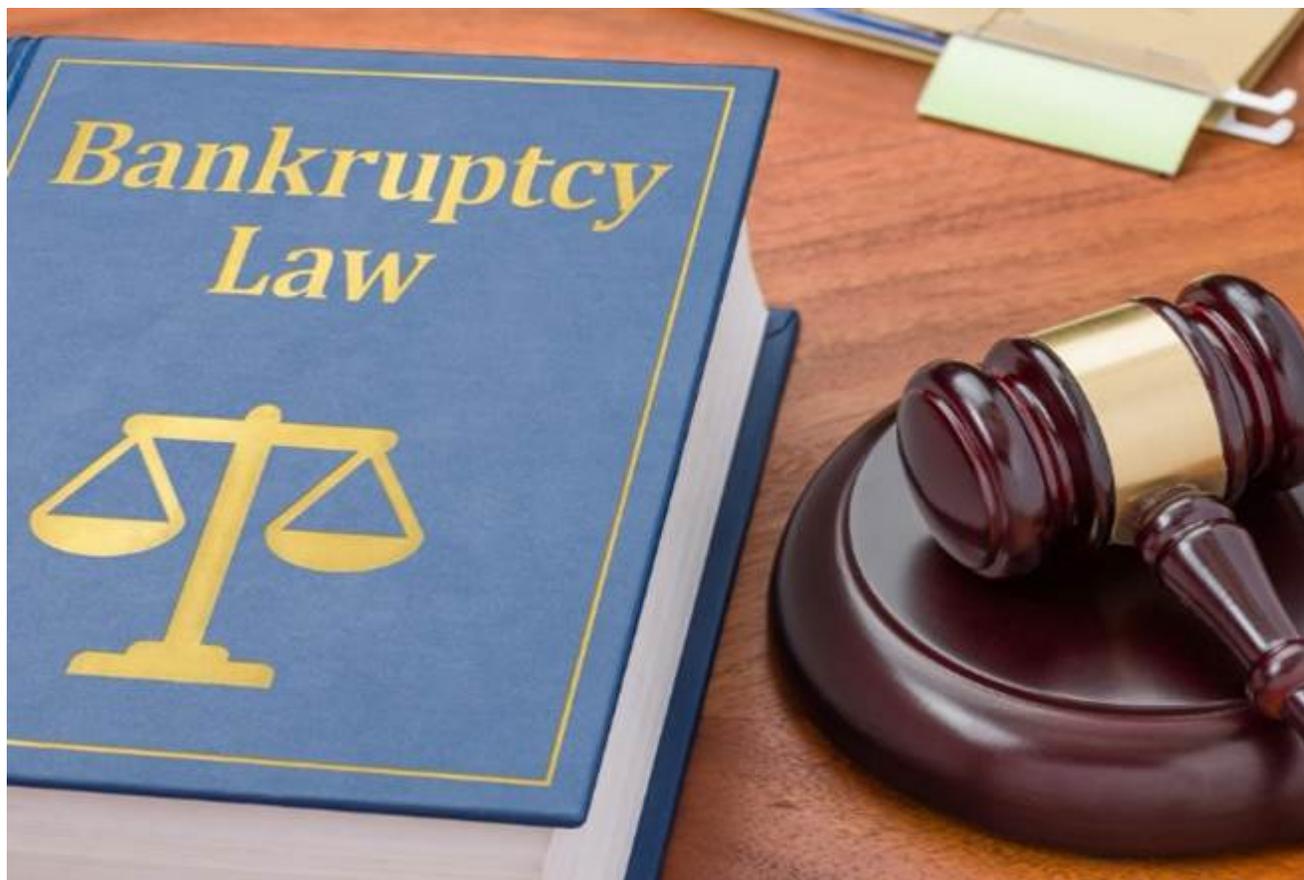# Economic Survey 2017-18: Insolvency and Bankruptcy Code – Ratio of firms facing liquidation to resolution 3:1

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Economic Survey 2018: The survey pointed out that a major factor behind the effectiveness of the IBC has been the adjudication by the judiciary.

Economic Survey 2018: The number of companies facing liquidation under the Insolvency and Bankruptcy Code (IBC) is thrice that of companies where a resolution plan has been approved, the Economic Survey said. According to the Economic Survey, of

the 525 insolvency petitions filed in the National Company Law Tribunal (NCLT), 30 companies have been ordered to be liquidated, 10 companies have got their resolution plans approved, 34 have been closed by appeal or review and 451 companies are still undergoing the process. In terms of the quantum of loans involved for companies under the insolvency process, the steel sector tops the list with Rs 57,000 crore of debt, followed by retail at Rs 12,719 crore. The total loans to be resolved through the bankruptcy court, it said, is Rs 1.28 lakh crore. Karthik Srinivasan, group head – financial sector rating, ICRA, said since the number of bidders is limited, they would prefer to cherry pick assets. "It is possible that some of the smaller firms might not find suitors and could end up being liquidated, but then it is too early to generalise a trend."

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The survey pointed out that a major factor behind the effectiveness of the IBC has been the adjudication by the judiciary. "The code prescribes strict time limits for various procedures under it. In spite of the large inflow of cases to NCLT benches across India, these benches have been able to admit or reject applications for corporate insolvency resolution process admissions with few delays," the report said.

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