

Business Standard

Financial creditors recover more under IBC, says Economic Survey

In the two years of the IBC, real estate was the top sector, with 20 per cent of the insolvency cases being registered

Veena Mani | New Delhi July 05, 2019 Last Updated at 01:41 IST

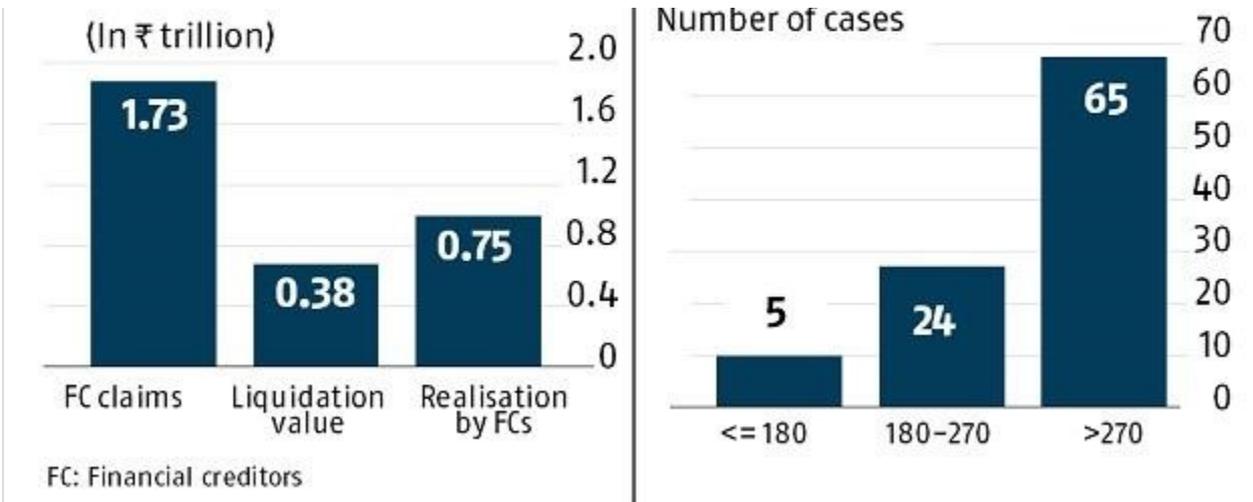


Illustration by Binay Saha

The Economic Survey said while the sustainable impact of the Insolvency and Bankruptcy Code (IBC) would be known in due course, green shoots had already emerged and some significant benefits of the IBC were visible. “The threat of promoters losing control of the company or protracted legal proceedings is forcing many corporate defaulters to pay off their debt even before insolvency can be started,” it said.

**FINANCIAL CREDITORS
RECOVER MORE UNDER IBC**

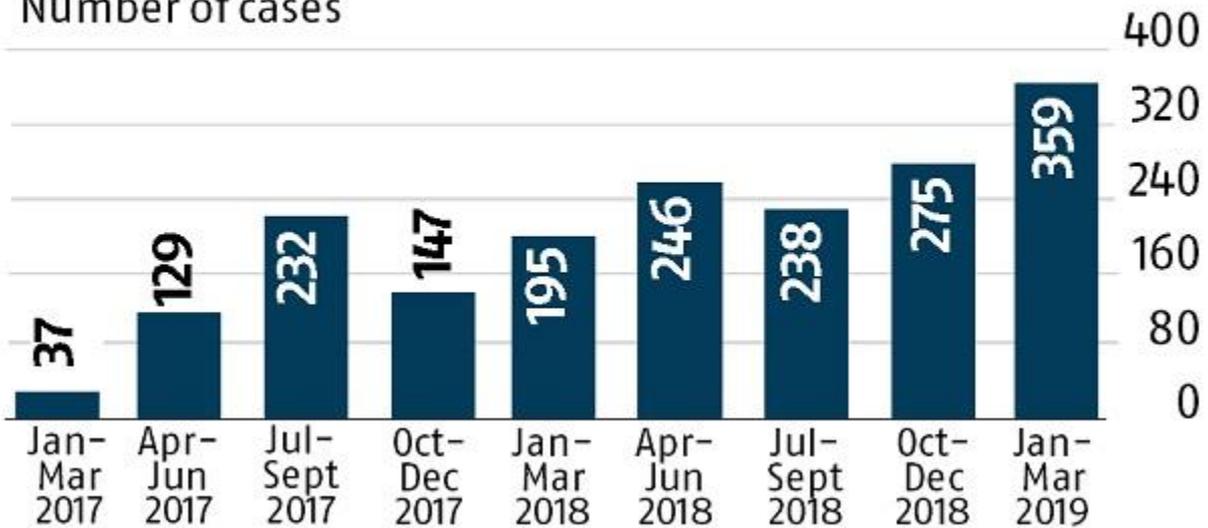
**NUMBER OF DAYS TAKEN TO
APPROVE RESOLUTION PLAN**



Till March 31, 2019, the corporate insolvency resolution process yielded a resolution of 94 cases, which has resulted in the settlement of claims of financial creditors totalling Rs 1.73 trillion. These cases include six out of 12 large accounts where insolvency resolution was initiated by banks, according to the directions of the RBI in 2017. The overall recovery in case of resolved cases is nearly 43 per cent, which is 194 per cent of the liquidation value, the Survey said.

QUARTERLY TREND OF ADMITTED CASES

Number of cases



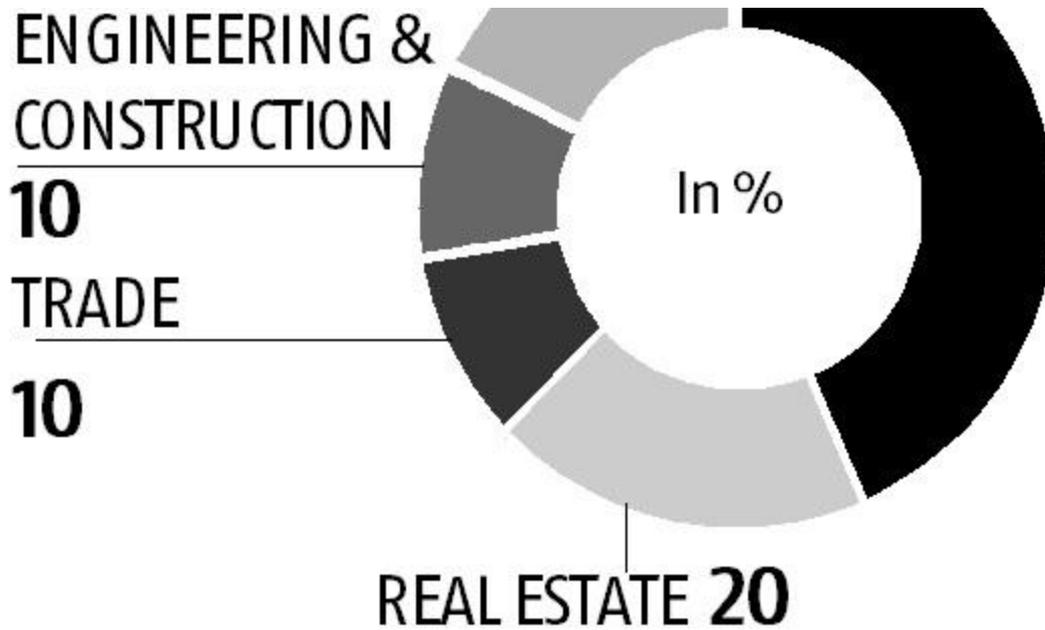
SECTOR-WISE DETAILS OF IBC CASES

TEXTILES AND
OTHER SECTOR

20

MANUFACTURING
PRODUCTS 40

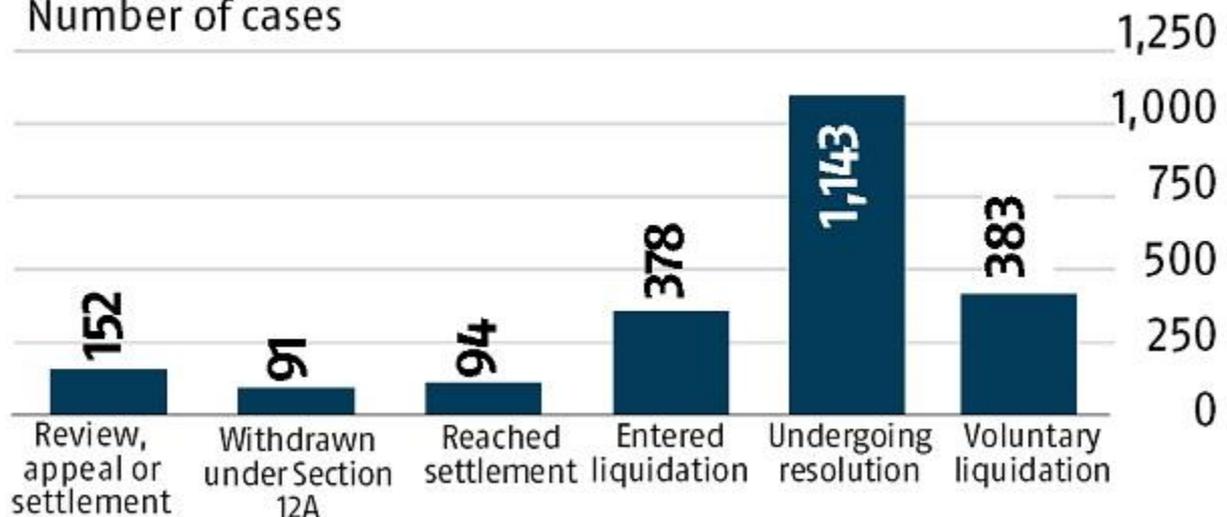




In the two years of the IBC, real estate was the top sector, with 20 per cent of the insolvency cases being registered. Manufacturing, which includes steel, power and chemicals, comprised 40 per cent. A large number of firms also opted for voluntary liquidation. One of the objectives of the Code was to give companies a chance to exit if they did not carry out any business or if the business itself was unviable.

STATUS OF ADMITTED CASES

Number of cases



Source: Economic Survey, 2018-19