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# IBC a game changer for financial institutions: Gopal Subramaniam

 BY [SHASHWAT MOHANTY](#), ET BUREAU | UPDATED: JUN 13, 2020, 11.52 AM IST

New Delhi: The [Insolvency and Bankruptcy Code](#) (IBC) has proved to be a “game changer” for financial institutions in the country, providing a much-needed shot in the arm, said former solicitor general of India [Gopal Subramaniam](#).

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“The code has managed to convert non-performing assets to performing assets, proving common perceptions wrong,” Subramaniam said at a webinar on Friday, talking about the law that consolidated all insolvency and bankruptcy rules together.

The webinar, titled ‘COVID 19: Constitutional and Legal Conundrums’, was organised by the School of Law of the Bennett University, part of The Times of India Group that publishes ET.

The former solicitor general said that due to the IBC, banks are able to advance loans with more ease. This will lead to a healthy business environment, he said.

“Securing funds from banks at minimal cost will boost productivity for MSMEs (micro, small and medium enterprises), where maintaining a healthy cash flow is imperative,” said Subramaniam. “The vendors, employees and the government of India are more at ease.”

Currently a senior advocate at the Supreme Court, Subramaniam served as the solicitor general of India between 2009 and 2011.



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The record foreign reserves, in excess of \$500 billion, are also a very positive sign for India, he said.

India is behind only China and Japan in the total value of [forex reserves](#).

“The sovereign credit rating at BBB and A3 short ratings is encouraging,” said Subramaniam. These ratings reflect well on the potential for growth, he said.

Subramaniam also lauded the [Reserve Bank of India's](#) moves to increase the moratorium on loan repayments, saying the move came at a crucial time when businesses all over the country were struggling. He said the RBI's quick action to create a solution that immediately helped individuals and companies bodes well for the ease of doing business concerns that some have raised in the past.

However, the institutions that currently deal with the financial recoupment of distressed assets are also spread thin, said Subramaniam. Both the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) are currently handling too many cases, he said. “The case burden on the NCLT currently is overwhelming,” he said.

Suggesting a way out, Subramaniam said combining both the NCLT and NCLAT to a three-member tribunal is one such avenue. He said this would lead to a reduction of the workload of the bodies and ensure faster resolutions.

Another solution, he said, was to appoint only “outstanding” people to run the tribunals, in order to reach faster and more amicable resolutions. He also said that an independent audit of the solutions was necessary.

“An independent verification after a speedy resolution through the IBC process is crucial,” said Subramaniam.

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