



Indian Banks' Association

Insolvency and Bankruptcy Code

FIBAC panel discussion

AUGUST 2019



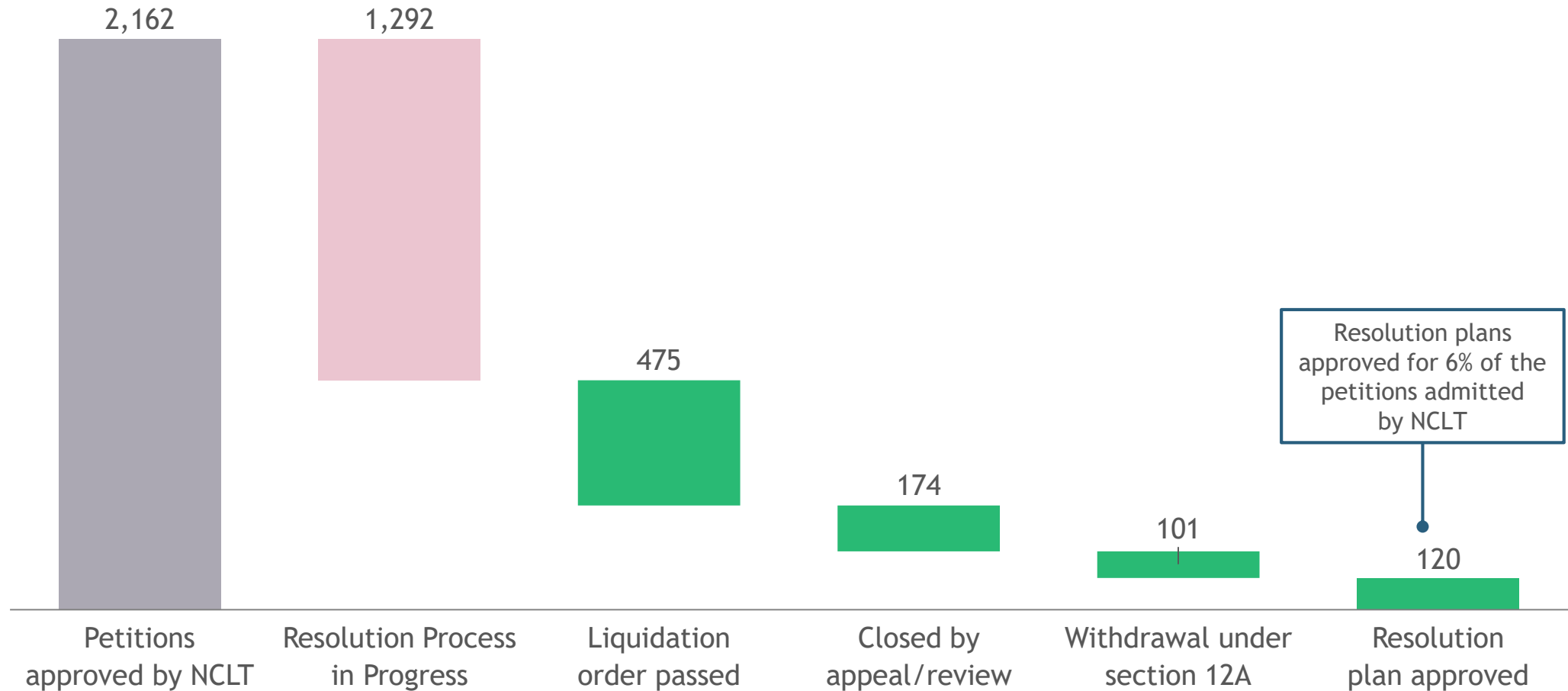
Bankruptcy is a legal proceeding in which
you put your money in your pants pocket
and give your coat to your creditors.

-Joey Adams

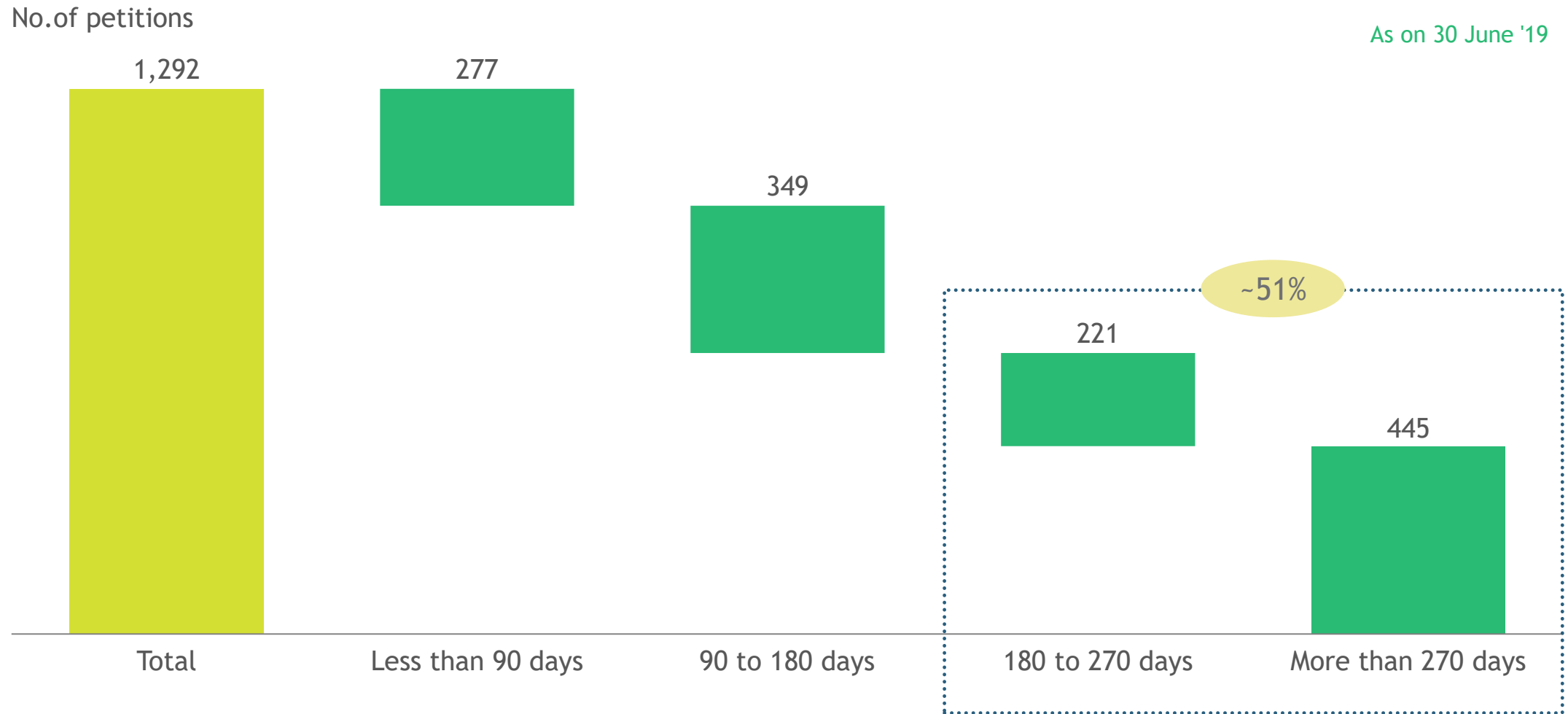
IBC status: Glass half empty or half full?

No. of cases

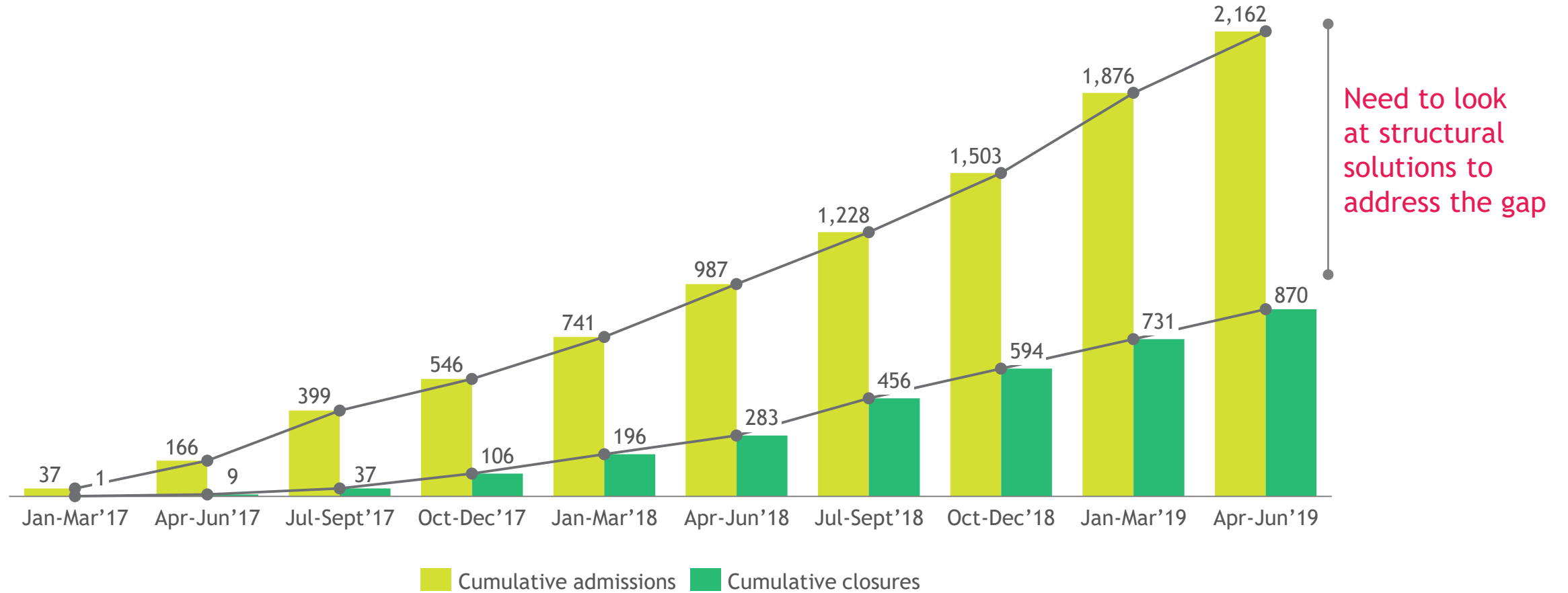
As on 30 June '19



>50% of approved petitions pending for more than 180 days

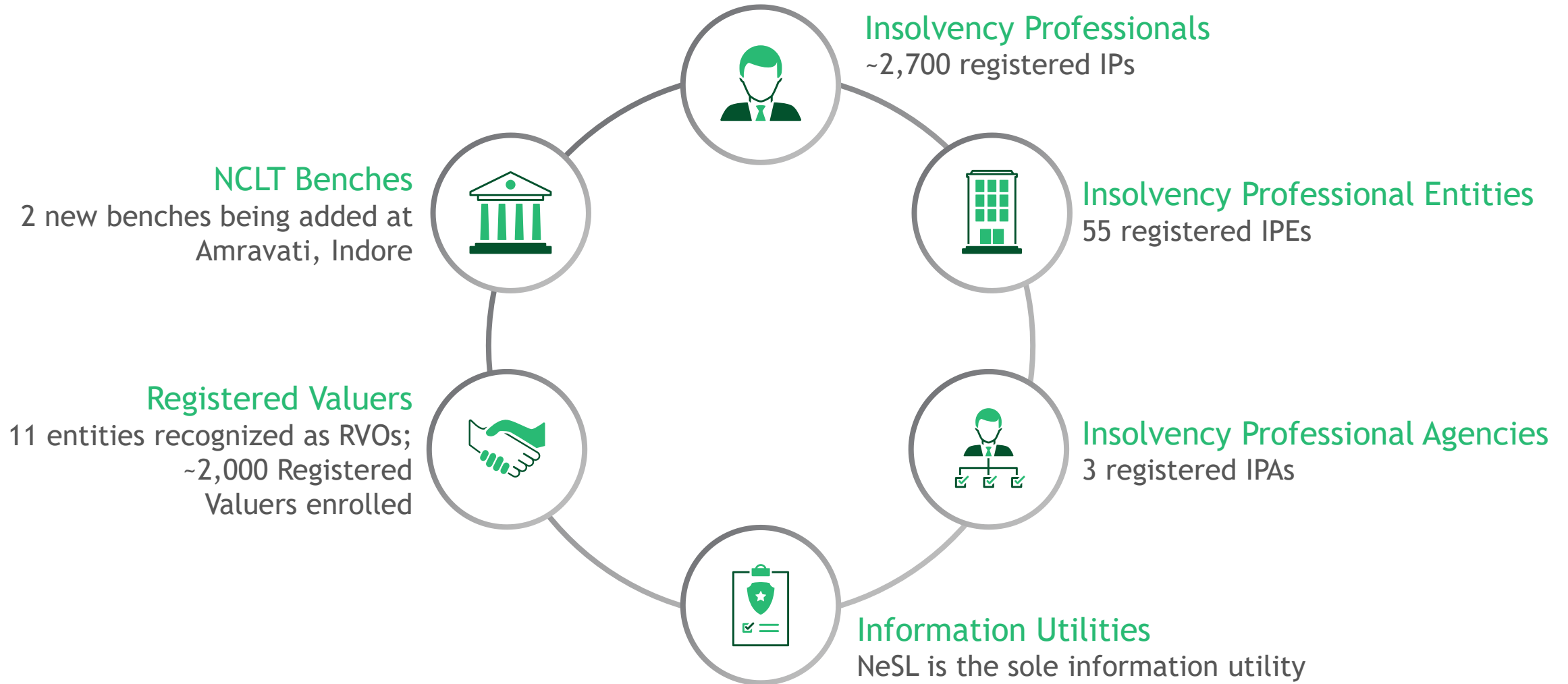


Gap between admissions and closures widening each quarter

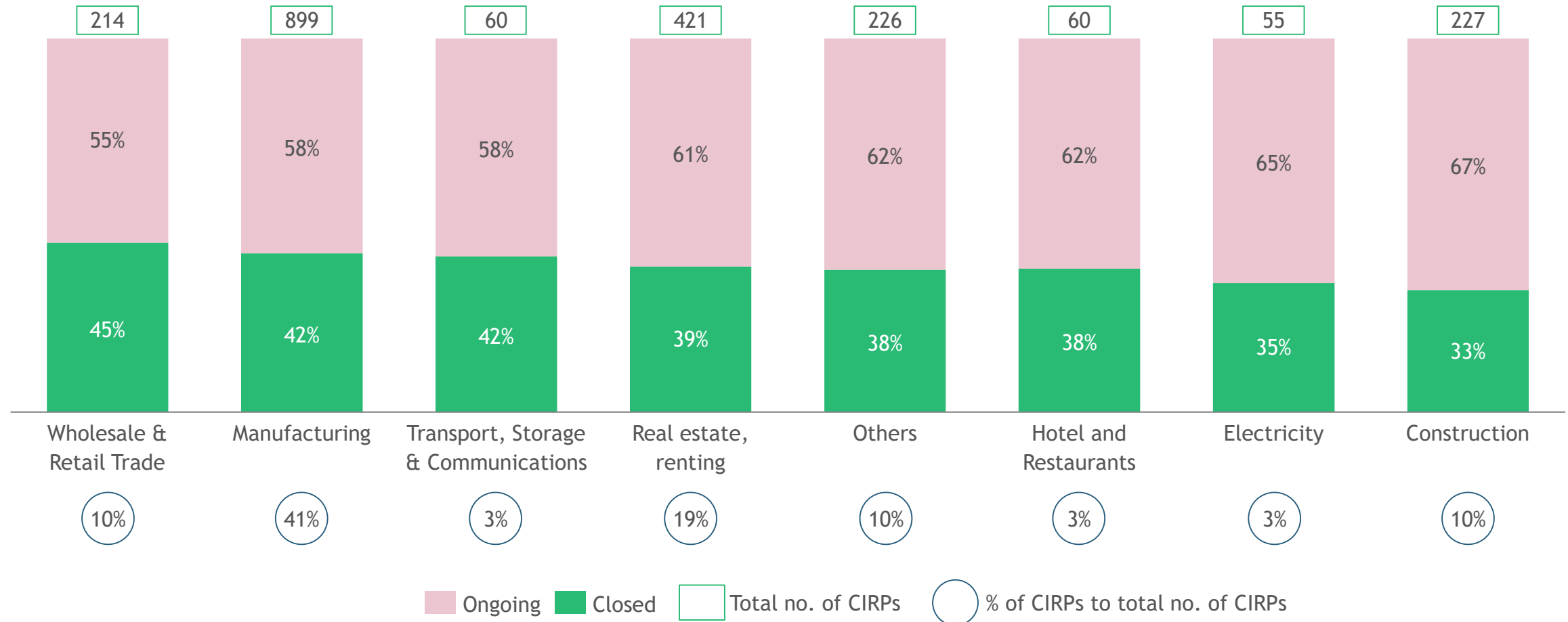


Comprehensive ecosystem built for efficient functioning of IBC

Interventions needed across to address increasing backlog

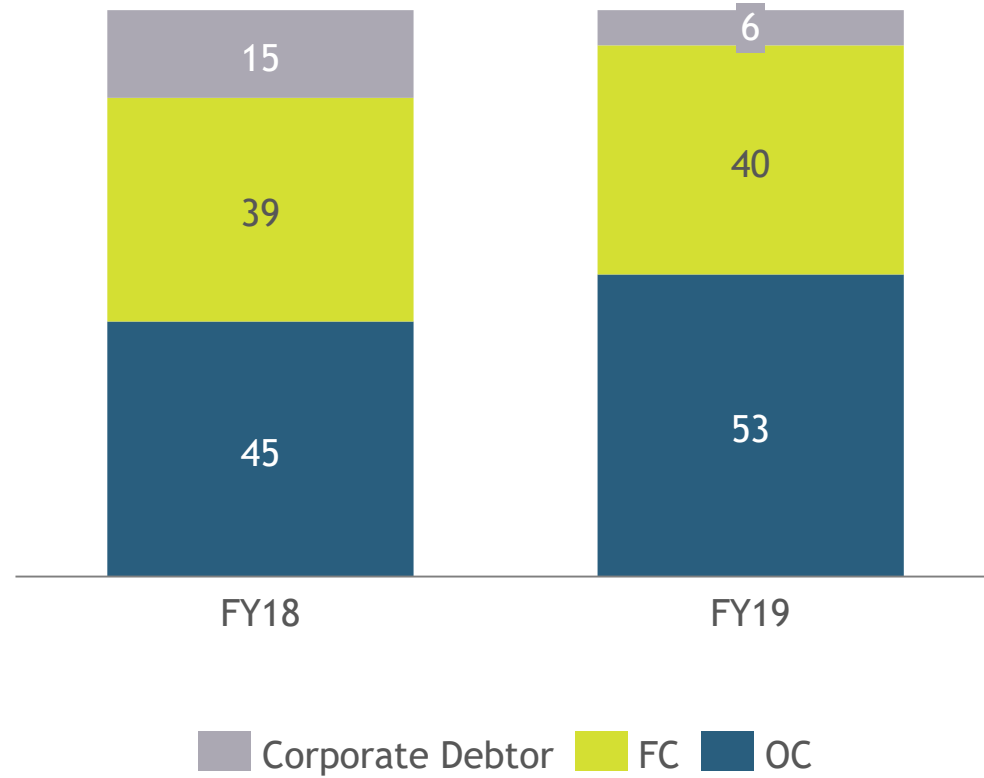


Wholesale and retail trade with highest closure rate; construction, electricity lowest

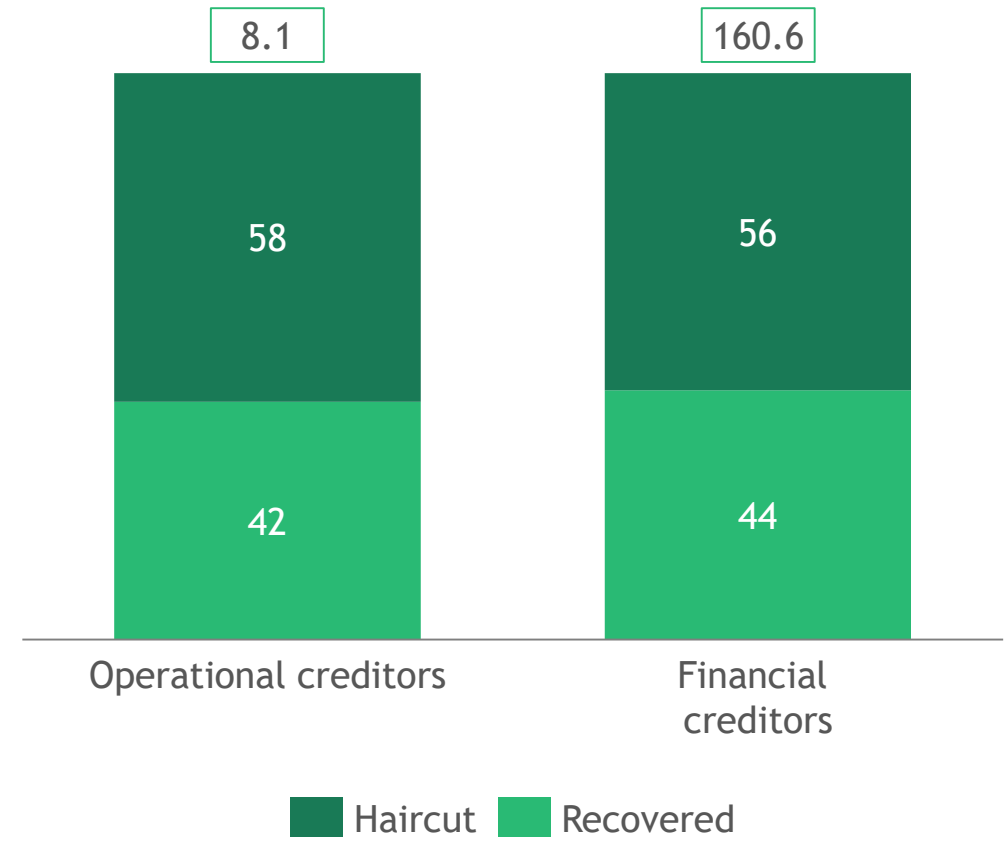


No. of CIRPs initiated by operational creditors is greater; however haircuts similar across FCs and OCs

Total no. of CIRPs (%)



Total claims (Rs. k Cr)¹ (%)



1. Data for 92 CIRPs that have resulted in a resolution plan
Source: IBBI, ICRA; Data up to March, 2019

Significant shift in interpretations of law on rights of creditors



02 Aug, 2017

NCLT admitted Essar Steel for insolvency proceedings under the IBC



25 October, 2018

CoC of Essar Steel votes with 92% majority to select ArcelorMittal and Nippon Steel JV as the winning bidder



04 July, 2019

NCLAT approves Resolution Plan presented by ArcelorMittal—However grants equal treatment to FCs and OCs in the resolution proceeds



29 July, 2019

Amendment introduced clarifying the priority of FCs over OCs in the resolution process



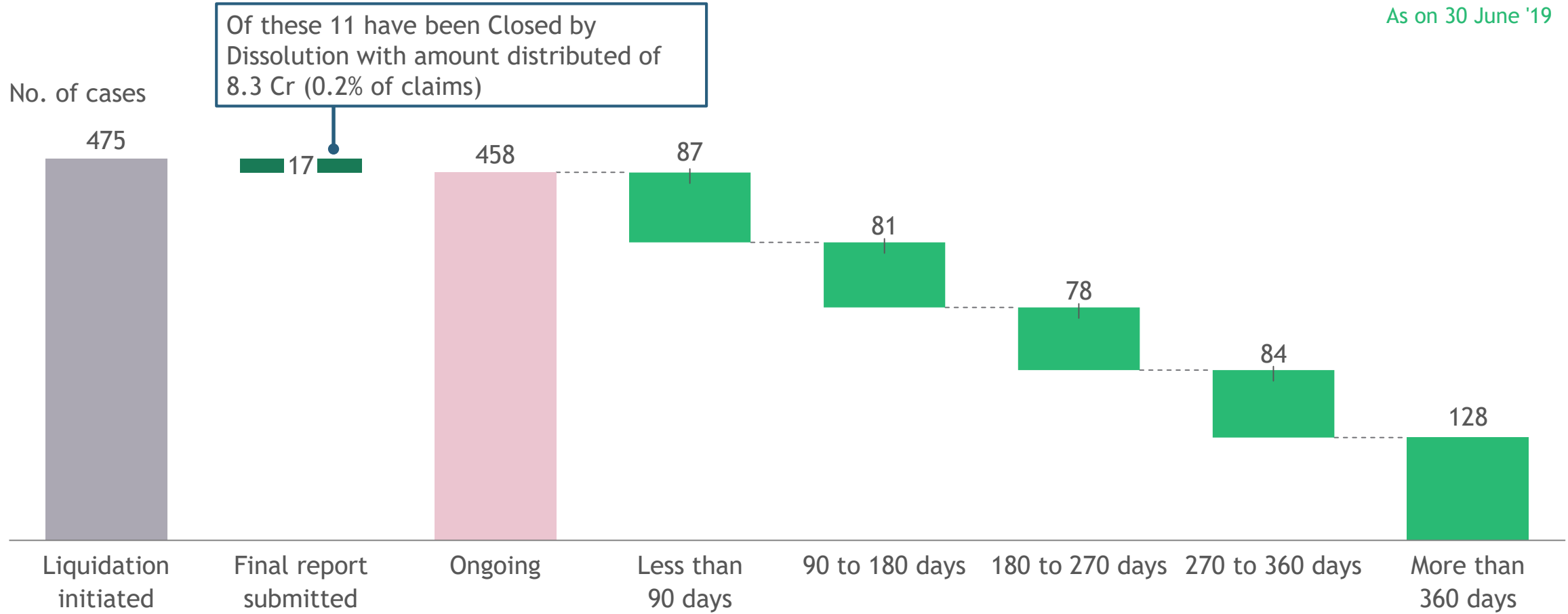
19 Aug, 2019

Supreme Court hearing on Essar Steel in light of recent amendments to IBC

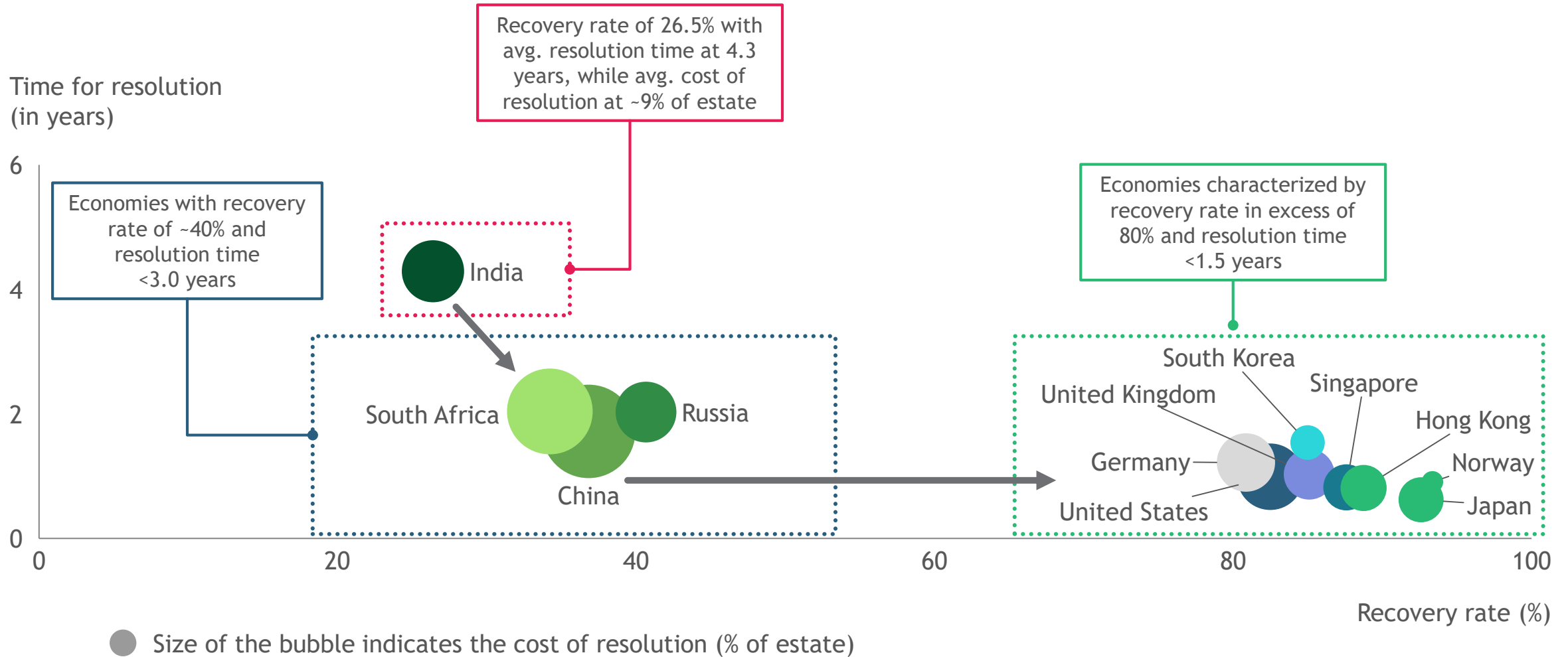
NCLAT ruling against SC order in Swiss ribbons case where the court Upheld the distinction between financial and operational creditors

*“There is an **intelligible differentia between the FCs and OCs** which has a direct relation between the objects sought to be achieved by the code. **Classification between FCs and OCs is neither discriminatory, nor arbitrary, nor violative of Article 14”***

Liquidation: Too little too late?



Improvement seen vs. starting point; how do we step jump?





Key questions
for our
discussion today

It has been three years since IBC came into inception—
what has **worked well** so far?

What are the **key challenges** being faced that hamper
efficient and **effective functioning** of IBC?

Will the **recent amendments** pave the way for faster and
fairer outcomes and help in stabilizing the IBC?

What are **further steps** required going forward for
improving performance of IBC?



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