IS THE INSOLVENCY AND BANKRUPTCY CODE REALLY ABOUT RESOLUTION, OR IS IT QUIETLY BECOMING A RECOVERY TOOL FOR THE CREDITORS?

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ABSTRACT

India's Insolvency and Bankruptcy Code, 2016[1] was the much-needed structural solution the country had been waiting for. Until its advent, the journey for a creditor seeking recovery of debt from a defaulting company had been a long and winding road. The IBC was intended to address this problem by fixing it, not by merely making it faster but by saving the company, bringing in fresh entrepreneurs to run the company, and protecting jobs while liquidation was the last option. The IBC's framework was based on resolution first and recovery only as an exception. Nine years after its enactment, after studying the IBC through its judgments, amendments, and data, I find tell-tale signs of the IBC's gradual but sure move away from its original intent. There are genuine and honest successes. The IBC's existence has already led to the timely repayment of debts by thousands of companies as soon as they receive the first notice of insolvency proceedings merely to avoid the IBC's formal processes. It has given the creditor a tool to negotiate with defaulting companies. The Supreme Court has repeatedly clarified that the IBC is not a debt collection tool[2] and that insolvency proceedings must not be initiated unless there is genuine financial stress. On paper, the IBC was never intended to be a debt collection tool.

In practice, however, the situation is quite different. The Committee of Creditors, comprised of financial creditors alone, has absolute and total control of the company once the IBC's initiation is begun. The courts have repeatedly held that the commercial wisdom of the Committee of Creditors in passing an order for the approval or rejection of a resolution plan is non-justiciable and that the NCLT's task is merely to ensure the resolution plan satisfies the requirements of the IBC's code. Banks have the power to influence the outcome of the IBC's resolution processes and the courts are powerless. Operational creditors are not part of the committee and are paid the minimum required by the IBC.

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[1] Insolvency and Bankruptcy Code, 2016
[2] Swiss Ribbons Pvt. Ltd. vs Union Of India AIR 2019 SUPREME COURT 739

The enemy here is the clock. From a legal standpoint, 330 days[3] is the maximum time available to conclude the entire process of resolution, but practically speaking, these cases run past 700 to 850 days[4], effectively destroying the business value that was intended to be protected through the process of resolution. Recent decisions passed by the NCLT in early 2026 indicate a pattern where Section 10 of IBC is being invoked to delay the process of moratorium, indicating that the process is being gamed by both sides, debtors using it, and creditors misusing it. With IBC, power shifted from debtor to creditor, giving creditors a say in the life of companies undergoing insolvency. However, while theory is one thing, practical experience is quite another. While IBC did provide much-needed speed, predictability, and power to creditors, there have been issues with litigation, interpretations, and procedures. Until such time that capacity issues affecting the NCLT are sorted out, differences between operational creditors and financial creditors are balanced, any further changes could result in further tilting of the scales towards imbalance.

One thing is certain: IBC has tightened credit discipline in India, giving banks much more power. While IBC is intended to provide a framework to help companies recover, practically speaking, it is being used to liquidate companies to provide maximum returns to financial creditors. Until such time that operational creditors have real power, deadlines have real consequences, capacity issues affecting the NCLT are sorted out, and decisions reflect business revival rather than liquidation, IBC is, frankly, a sophisticated tool of recovery masquerading as a process of resolution.

Keywords: IBC 2016, CIRP, Committee of Creditors, Operational Creditors, NCLT, IBC Amendment Bill 2025, Resolution vs Recovery

INTRODUCTION

India's Insolvency and Bankruptcy Code, which was introduced in 2016, is a comprehensive

[3] IBC Amendment 2019
[4] IBBI Annual Report 2023–24

legislation that combines the various insolvency codes that were previously in place. Under the new code, creditors such as banks and suppliers can initiate the Corporate Insolvency Resolution Process against companies that are not meeting their financial obligations. The most important aspect of the IBC is that the decision-making power is with the creditors regarding the process that needs to be followed during the insolvency.

The IBC has set a deadline of 330 days[5], which can be extended by another 90 days, for the resolution process to be completed. The primary focus of the IBC is to ensure the revival of companies that are facing financial difficulties rather than liquidating them. The IBC also includes the aspect of operational creditors, such as suppliers and employees, who can initiate the CIRP process against companies that are not meeting their financial obligations. The IBC also ensures that the operational creditors receive the liquidation value as part of the resolution plan.

It is also important to note that the Supreme Court has made the statement that the IBC is not for the purpose of debt recovery[6] but is used to resolve the issue of insolvency. However, almost nine years after the IBC was introduced, there is an increasing concern that the outcome is not as desired. Various reports from the industry state that the CIRP process is not resulting in the corporate revival as desired but is instead resulting in liquidation.

However, this also poses an important research problem: why is there a gap between the intended objectives of the IBC and its actual implementation? In order to answer these research questions, the paper will focus on three important research questions. The first research question is to what extent has the IBC succeeded in achieving its 'resolution first' objective? The second research question is what are the underlying factors for the high rate of liquidations occurring under the IBC? The third research question is what is the role of different stakeholders in this process?

In order to answer these research questions, the paper will first discuss the objectives of the IBC and existing literature. Then the research methodology will be discussed. Finally, the paper will be supported by data and analysis from different sources such as the Insolvency and Bankruptcy Board of India (IBBI), National Company Law Tribunal (NCLT), and Reserve Bank of India (RBI), followed by policy recommendations and suggestions for

[5] IBC Amendment 2019

[6] Swiss Ribbons case AIR 2019 SUPREME COURT 739

implementation, as shown in Table 1.

Figure 1 shows a timeline of important developments in the IBC from 2016 to 2025.

Timeline:

Title	**Major Milestones in India's IBC (2016 - 2025)**
2016:	IBC enacted (May 2016)
2017:	Amendment – barred willful defaulters (May 2017)
2019:	Amendment – extended CIRP period to 330 days (Aug 2019)
2020:	COVID moratorium – six-month halt on new CIRPs (Apr–Sep 2020)
2021:	Amendment – priority to homebuyer claims; pre-pack insolvency for MSMEs (Sept 2021)
2025:	IBC Amendment Bill passed – group insolvency, cross-border provisions (Dec 2025)

LITERATURE REVIEW

IBC's Intended Impact: The IBC aims to achieve what economists refer to as 'creative destruction.'[7] This is a process of 'preserving the companies which are viable and allowing those which are not viable to go out of the market.' One of the most significant changes that the IBC brought about is the shift of power from debtors to creditors. While debtors previously held considerable power in the corporate debt restructuring process, the Committee of Creditors (CoC), primarily comprising banks, is the dominant decision-maker in the IBC process. The government and other official sources such as the IBBI and the MCA have emphasized that the IBC aims to achieve 'resolution' rather than 'liquidation.' The data supports this assertion to some extent. For instance, the IBBI reports have shown that creditors have gained over 100% of the liquidation value[8] in cases of resolution. Therefore, the IBC aims to achieve 'preservation' which creates value for the economy. The empirical studies also support the positive outcomes of the IBC. One such empirical study shows that companies

[7] Schumpeter Theory
[8] IBBI Annual Report 2023–24

which have undergone the IBC process have seen a 76%[9] rise in sales and have invested 130% more in capital expenditure compared to similar companies. This indicates that the IBC process is a success and helps companies revive their businesses.

Resolution vs. Liquidation Data

However, empirical data also indicates a different story. The IBBI Annual Report 2024 indicates that a total of 269 resolution plans were approved in FY 2023-24, a rise of 42% over the previous year. The reports also indicate that 60% of all approved resolution plans have been completed in the last three years. Another report indicates that a total of 1,300 resolution plans[10] have been approved until September 2025.

Nonetheless, despite this progress, there are underlying issues with this trend, as a larger number of companies are being liquidated than those being resolved successfully. By March 2024, a total of 2,476 companies were under liquidation[11], while 947 were resolved successfully.

On a positive note, there has been a significant increase in recoveries for creditors. It has been found that, on average, creditors are now recovering 170% of the liquidation value in 2025, as per reports.

Process and Procedural Issues

One of the key issues with the IBC code is the delay in the resolution process, which is a significant challenge in the current framework of IBC. Even after a 330-day timeline having been laid out in the code, there are significant delays in the resolution process in reality. It has been found, as per official reports, that on average, the duration of CIRP is 679 days, which has continued in FY 2025 as well. There are reports which indicate that, on average, the duration of CIRP is 688 days.[12]

The delays in the resolution process are a result of a number of underlying causes, such as delays in court proceedings and a high number of appeals filed in these proceedings. As per a

[9] IBBI Advocacy Report 2024
[10] PwC Insolvency Report 2025
[11] CCLA Blog Report 2024
[12] Industry Estimates 2025

report by a Parliamentary Standing Committee, there were 30,600 pending cases[13] in mid-2025, which indicates a significant delay in these proceedings. The report further indicates that at this rate, these pending cases will take a decade to clear. Such delays in proceedings reduce the value of these firms, which are in distress.

Another problem is the rise of frivolous or strategic appeals by disgruntled stakeholders such as promoters and creditors. Experts have recommended that stricter regulations may be put in place to prevent such a situation. This may include limiting the number of appeals or imposing a penalty.

Dynamics of Creditor Rights

The other key aspect is the imbalance in power between financial and operational creditors. Financial creditors, who are mostly banks, are accorded voting rights in CoCs, while operational creditors are not, unless they hold a significant portion of debt.

Various studies have highlighted this imbalance in power, where operational creditors, who are mostly small businesses, are not accorded significant power[14] in the resolution process.

Various parliamentary reports have suggested a reconsideration of the "waterfall mechanism" in order to avoid a situation where small and medium-sized businesses are at a significant disadvantage.

From a judicial perspective, this system has been upheld as constitutional, while at the same time recognizing the need for fairness in this system. For example, in a ruling, the judiciary recognized the rights of a class of people, namely homebuyers[15], by allowing them to participate in creditor committees.

The literature indicates that while there was a clear intention in the IBC to empower all creditors, in practice, operational creditors are weaker, which calls for policy intervention.

Recent Developments

The developments in recent times indicate a shift in policy, which suggests a continuous

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[13] Parliamentary Committee Report 2025

[14] International Journal For Multidisciplinary Research (IJFMR) Article 2025

[15] IBC Amendment 2018

evolution in the IBC framework. For example, a new policy framework was enacted in 2021, which provided a pre-pack insolvency[16] resolution framework for MSMEs.

Furthermore, there are legislative changes that have been proposed for implementation in 2025, which cover issues such as cross-border insolvency and consolidation of debt. Thus, there is a clear indication of the need to modernise the system. Moreover, judicial pronouncements have also contributed to the development of the IBC. Notably, in the *Swiss Ribbons* case[17], the constitutional validity of the Code has been upheld, further strengthening the framework of the IBC.

Gap Identification

It is in this context that the current research has been undertaken. Based on the literature reviewed, it is evident that there is a need for further research on the IBC. Although there has been some success in achieving the objectives of the IBC in terms of the speed of resolution of insolvency cases and the maximization of value for stakeholders, there are several gaps in the implementation of the IBC. Notably, the high rate of liquidations, delays in the process, and imbalance in the rights of creditors are some of the gaps that need to be addressed. Furthermore, there is a clear gap in the fact that most of the literature on the IBC has not been based on empirical data from 2024. Thus, there is a clear gap in the literature on the IBC.

The current research has been undertaken to address the gap by presenting a detailed analysis of the IBC.

METHODOLOGY

The mixed method will be adopted through the integration of data analysis with legal and policy research to examine the research questions in a holistic manner. The research methodology will comprise the following steps:

1. **Data Gathering:** The data will be collected from various statistics available in the reports published by the Insolvency and Bankruptcy Board of India (IBBI) on the Corporate Insolvency Resolution Process (CIRP), National Company Law Tribunal

[16] IBC Amendment 2021
[17] Swiss Ribbons case AIR 2019 SUPREME COURT 739

(NCLT) reports,[18] and other industry research reports, which include data on the number of cases admitted, number of resolution plans approved, number of liquidation orders passed, and recovery percentages over a period of time from 2017 to 2025. Further, data will be collected from RBI and IBBI newsletters, along with other news portals such as Business Standard and The Economic Times. All the data will be thoroughly cross-checked to ensure accuracy.

2. **Quantitative Analysis:** The data will be analyzed using spreadsheet software to identify trends in CIRP over a period of time. The key data will include:

   Resolution Ratio = Approved Plans / CIRP Initiations

   Liquidation Ratio = Liquidations Ordered / CIRP Initiations

   Recovery Rates = Total Creditors' Claims Realized / Total Admitted Claims

   Process Duration = Days Taken for Resolution

3. Charts and graphs will be designed using spreadsheet software, such as line charts for trends in CIRP over time and bar charts for other data, to represent the data in a more efficient manner. Statistical analysis will also be conducted, wherein a positive correlation will be found between the duration of CIRP and recovery percentages.

4. **Legal and Policy Analysis:** An in-depth legal and policy analysis has been conducted, considering various legal provisions such as the IBC Act, amendments, and rules and regulations. Landmark cases have also been considered, and legal database and summary websites have been referred to to gain insights on how IBC provisions are being interpreted and applied, particularly in cases where decisions are not straightforward. In addition, recommendations made by the Parliamentary Standing Committee have also been considered to gain insights on some of the challenges being faced in the current insolvency scenario.

5. **Case Studies and Qualitative Analysis:** An in-depth case study and qualitative analysis have also been conducted to gain a deeper understanding of the topic. Media

[18] Official Regulatory Reports

reports on various insolvency cases have been considered to gain insights on how resolution plans are being formulated compared to liquidation, particularly with regard to valuation.

6. **Synthesis:** The findings obtained from conducting a quantitative and qualitative analysis have been synthesized to draw meaningful conclusions. In cases where direct data was not available, such as on the share of operational creditors, reliance has been placed on secondary data to fill in the knowledge gap. All sources have been duly acknowledged, ensuring that the entire analysis has been reliable, relevant, and updated, as it is based on primary data and includes recent developments up to 2025.

FINDINGS

From the above analysis, the following are some important trends that can be noted:

1. **Shift Towards Resolutions:** It is noted that the IBC mechanism is increasingly focusing on resolution. The number of resolved cases is also on the rise. In FY 2023-24, the number of resolution plans approved was 269 approved resolution plans[19]. This has significantly increased to 1,300[20] in FY 2024-25, as per the data available from the IBBI. In addition, the proportion of CIRPs resulting in resolution plans is also on the rise. In FY 2017-18, only 20% of CIRPs resulted in resolution plans, while the majority were liquidations. In FY 2025, the proportion is 2:1, i.e., 2 resolutions for every 1 liquidation. This is an upward trend; however, the absolute numbers still show that liquidations are more than resolutions. The overall data from FY 2017 to FY 2025 shows that 65%[21] of CIRPs resulted in liquidations, 30% resulted in resolution, and 5% resulted in other outcomes.

2. **Decline in CIRPs:** It is noted that the number of CIRPs admitted is declining. The data available from FY 2023 to FY 2025 shows that CIRPs declined from 944 in FY 2023 to 657 in FY 2025. In contrast, the withdrawals filed under Section 12A are on the rise. This shows that creditors are increasingly approaching alternate forms of recovery rather than going through the insolvency process. This data on CIRPs is therefore only

[19] IBBI Annual Report 2023–24
[20] PwC Insolvency Report 2025
[21] IBBI Data Reports

from companies that are actually insolvent rather than companies that are capable of settling outside the insolvency process.

3. **Creditors' Recoveries:** The IBC process has demonstrated impressive results in the recovery of value. The average recovery for creditors has been around 32% [22] of their total claims. More importantly, the recovery value has been 170%[23] of the liquidation value. This means that, in essence, for every ₹1 that could have been recovered in liquidation, creditors have been able to recover around ₹1.70 under the resolution process. This underlines the economic advantage of the resolution process over liquidation. For example, a company which could have been liquidated to an economic value of ₹50 Crores could, in fact, be used to make payments to creditors to the order of ₹85 Crores. This underlines the economic advantage of the resolution process.

4. **Process Delays:** The other major area of concern is timeliness. The average CIRP process takes about 680 days. This is consistent with the IBBI figures, which place the average CIRP duration at about 679 days. The industry estimates suggest that the average CIRP duration could be about 688 days in FY 2025. While there has been a slight improvement in the average CIRP duration from 691 days to 688 days, it is still significantly higher than the prescribed limit. The biggest delays seem to be in the later stages of the resolution process, specifically in judicial approval and enforcement. An interesting fact is that the average resolution process takes about 21 months, whereas liquidation takes about 18 months but results in significantly less value. The economic implications of these delays are quite substantial. For instance, in the event of a 10% decrease in asset value, delays in the resolution process can result in substantial losses in terms of potential revenues.

5. **Creditors' Shares and Sectoral Notes:** There is limited information on the actual distribution of payouts for different classes of creditors. However, based on policy analysis, operational creditors are seen to receive close to liquidation value without any significant additional gain. On the other hand, financial creditors such as banks are seen to gain a little over liquidation value, especially in cases where they may not gain significantly otherwise. If we look at the trends of different sectors, we can see that

[22] IBBI Annual Report 2023–24
[23] PwC Insolvency Report 2025

sectors such as real estate and steel have a higher number of CIRPs, indicating issues within these sectors. However, sectors such as power and telecom have fewer cases, as some of their past non-performing assets were not completely addressed under the IBC framework.

6. **Key Takeaway:** The IBC framework is gradually showing more resolution than was earlier possible, though not at a significant level. The biggest achievement has been in value creation, as resolution has shown far higher returns compared to liquidation. However, the current resolution process is time-consuming and inefficient in many ways.

In conclusion, though liquidations far outnumber resolutions, each resolution is economically far more valuable than liquidations. There is a lot that can be done to improve the current scenario, thereby increasing the number of successful resolutions.

ANALYSIS

The results clearly indicate a gap between the design of the IBC and its working. The major advantage of the IBC is also clear in the discipline it has been able to impose on the market. The data also confirms that companies which have undergone a successful restructuring have come out stronger and have helped the economy grow. From a financial point of view, the advantage is also clear the creditors are able to recover a greater value for the company by the resolution plans than by liquidation. From the government's point of view, these are clear gains.

However, the disadvantages are also clear. The time lag in the process makes the IBC less effective. When the process is too long, the advantage of the IBC is lost. A longer process may also lead to a worsening of the financial condition of companies which could have otherwise been saved. In such cases, even companies which are relatively less distressed may be considered to be non-viable. The high number of liquidations also indicates this problem. The data also indicates that a number of companies could have been saved if the process were quicker.

The other problem lies in the lack of proper incentives for stakeholders. The banks, who hold the majority of voting power in the Committee of Creditors, might be willing to accept the certainty of partial recovery via liquidation rather than risking a long and uncertain resolution process. The other creditors, who hold less voting power, might not have the ability to contest and might end up accepting the minimum. Although the law was designed to ensure greater participation, in practice, resolution plans can still be approved without input from all stakeholders.

The literature and data suggest that operational creditors are one of the major problems in the system. Fair treatment of these creditors can help resolve the problems and avoid a situation in which minority stakeholders can disrupt the resolution process.

From a legal point of view, the IBC can be considered a major reform, which is still in the process of evolving. The law has built-in safeguards to ensure that it is not misused, such as the rejection of petitions based on disputed debts. The recent parliamentary reports have also highlighted that although the law is sound in principle, there has been a failure in its implementation. Therefore, the need of the hour is not to go back to the old law but to improve the existing law so that it can better fulfill the objectives for which it was created.

The policy suggestions proposed in Table 1 can help resolve the problems. For example, increasing the number of benches and ensuring that timelines are adhered to can help resolve the problem of delays.

Similarly, putting in place measures to restrict frivolous appeals can ensure that there is no loss of value once a resolution plan has been agreed to. All these suggestions have been made in line with expert suggestions and the analysis.

In conclusion, there is enough evidence to suggest that the IBC has been a step in the right direction in strengthening India’s insolvency framework. However, the objective of “resolution first” remains more aspirational than actually achieved so far. While trends indicate a favorable shift in recoveries and a decline in distressed defaults, there is a need for higher efficiency in order to realize the true potential of the IBC in corporate resolutions.

RECOMMENDATIONS

From the above analysis, the following suggestions and their implementation are proposed:

1. **Expand Tribunal Capacity:** Around 50 new benches of the National Company Law

Tribunal (NCLT) should be set up to deal with IBC cases.

Implementation: Budgetary support is required to be allocated by the government, and qualified judicial officers should be appointed.

Impact: It will help to clear the existing backlog and ensure adherence to the CIRP process.

2. **Fast-Track Courts for Critical Cases:** Special insolvency courts should be set up for cases that satisfy certain criteria, such as business viability.

   Implementation: The existing courts can be empowered, or special tribunals can be set up to resolve these cases within 180 days.

   Impact: It will help to save businesses from being shut down unnecessarily.

3. **Enforcing Statutory Timelines:** Stricter adherence to the 330-day timeline, including the 90-day extension, is required. For example, insolvency professionals can be required to submit reports to the IBBI every 60 days.

   Implementation: Stricter provisions can be introduced by the IBBI and the Ministry of Corporate Affairs.

   Impact: It will ensure greater urgency in the process and reduce the loss of value caused by the delay.

4. **Upfront Appeals Deposit:** A high upfront fee can be charged on parties making appeals, such as unsuccessful bidders.

   Implementation: Provisions can be introduced by the IBBI and the Ministry of Corporate Affairs.

   Impact: It will ensure greater efficiency in the approval of RP.

5. **Waterfall Reforms for Small Creditors Protection:** Amendments are required to be made to Section 53 to ensure greater payment to operational creditors in the event of insolvency. Large operational creditors must also be granted voting rights during the

CIRP process.

Implementation: This involves legislative amendments to the IBC. The IBBI must issue circulars on the priority of payments.

Impact: This will ensure greater fairness to the operational creditors, resulting in less resistance during the CIRP process.

6. **Promote Pre-Packs and One-Time Settlements (OTS):** The insolvency resolution process must be simplified to reduce valuation risks associated with the pre-pack process. Banks must also be encouraged to promote OTS.

   Implementation: This involves issuing guidelines by the IBBI on the pre-packs process. The RBI must also support the OTS process.

   Impact: This will provide an effective mechanism for companies to resolve insolvency through the pre-packs process, as well as the OTS process.

7. **Post-Resolution Credit Normalization:** The Reserve Bank of India must issue a circular declaring the debts owed by companies that have successfully completed the CIRP process as "standard" debts, provided the liquidation process is withdrawn. **Implementation:** This involves the RBI issuing a circular.

   Impact: This will enable companies to access new credit facilities, helping them to recover from the insolvency process, as the IBC aims to provide companies with a "fresh start."

8. **Cross-Border Insolvency Law:** A comprehensive cross-border insolvency law must be introduced to cover multinational insolvency.

   Implementation: This involves the amendments to the IBC, which are pending, including the crossborder insolvency provisions.

   Impact: This will bring India's insolvency law on par with international best practices, ensuring that the company's value is not destroyed during the insolvency process.

Table 1: Key Policy Measures and Impacts

Measure	Description	Expected Impact
Expand NCLT Capacity	Add 50 dedicated insolvency benches.	Reduce backlog and clear cases quickly.
Fast-Track Insolvency Courts	Designate special courts to handle IBC cases within 6 months.	Enforce time-bound resolutions; save business value.
Enforce Statutory Timelines	Penalize unexplained delays (e.g. by limiting RP tenure).	Discourage postponements; speed up processes.
Mandatory Appeal Deposits	Require refundable deposits for appeals.	Deter frivolous litigation; expedite final orders.
Waterfall/Waterfall Reforms	Raise operational creditors' guaranteed share; give them voting rights.	Balance interests; encourage plan support.
Pre-Pack/MSME Insolvency	Streamline and publicize pre-pack schemes for small firms.	Swift resolutions for MSMEs; relieve NCLT workload.
Post-Resolution Credit Reset	RBI to auto-reclassify loans of resolved firms as standard.	Restore credit flow to revived companies.
Cross-Border Insolvency Law	Implement UN model law for international cases.	Resolve foreign assets smoothly; boost investor confidence.

These measures must be implemented through the collaboration of the legislature, the regulator (IBBI), and the judiciary. For example, the government must act on the expansion of benches, while the IBBI must act on the regulation regarding deposits on appeals. The IBC Amendment Bill 2025 has also suggested some of these measures, such as the formulation of cross-border norms.

CONCLUSION

The analysis clearly indicates that there are significant improvements in the insolvency system in India through the Insolvency and Bankruptcy Code (IBC). The code has made the process of corporate restructuring more efficient while ensuring a higher level of recovery for creditors. However, despite these achievements, there are still a number of challenges in the system, which prevents the IBC from achieving its objective of a “resolution-first” approach, as many viable firms still face liquidation under this code. The analysis indicates that there is still a long distance to go before the IBC can fully meet its objective.

To close this gap, there are a number of reforms suggested, which are directly related to the current loopholes in the system. Their implementation has the potential to ensure that more firms are successfully rescued rather than liquidated, which was the original intent of this code. It is noteworthy that most of these reforms are already on the legislative agenda, which makes their implementation possible.

In conclusion, while there are significant improvements in the insolvency system in India through the Insolvency and Bankruptcy Code, its potential is yet to be realized fully. The implementation of these reforms will help the code get closer to achieving its objective of a “resolution-first” approach. Further, the analysis indicates the importance of this code in strengthening credit discipline in the economy, although its full potential is yet to be completely fulfilled.

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