

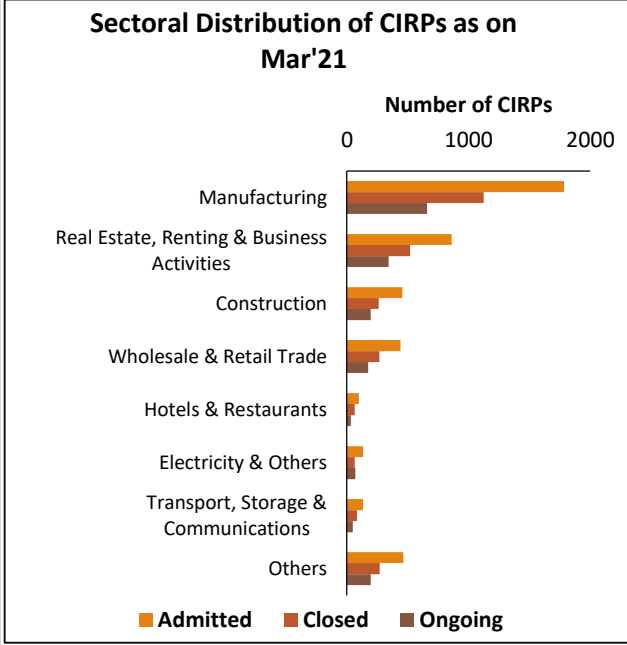
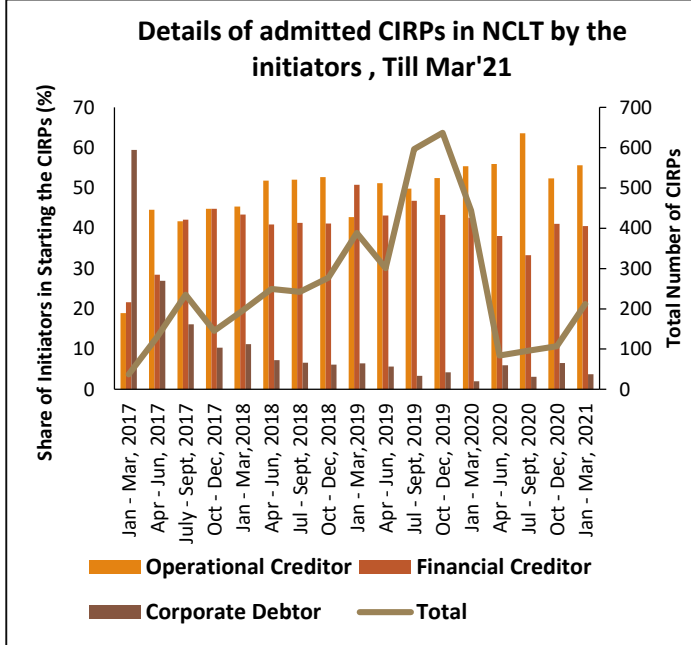
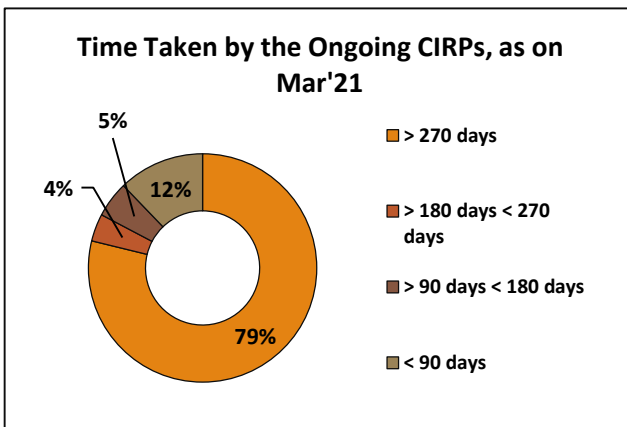
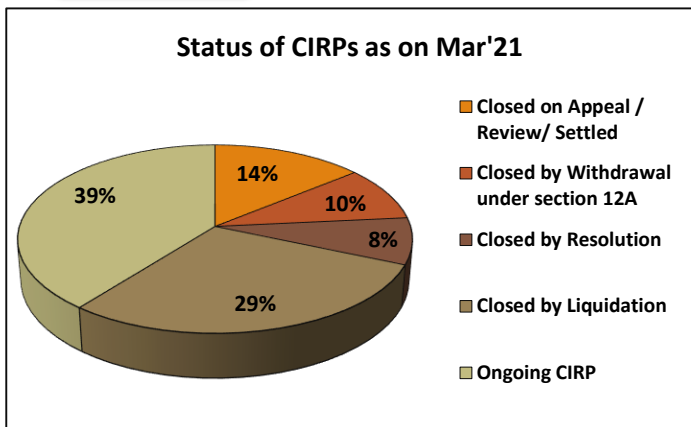
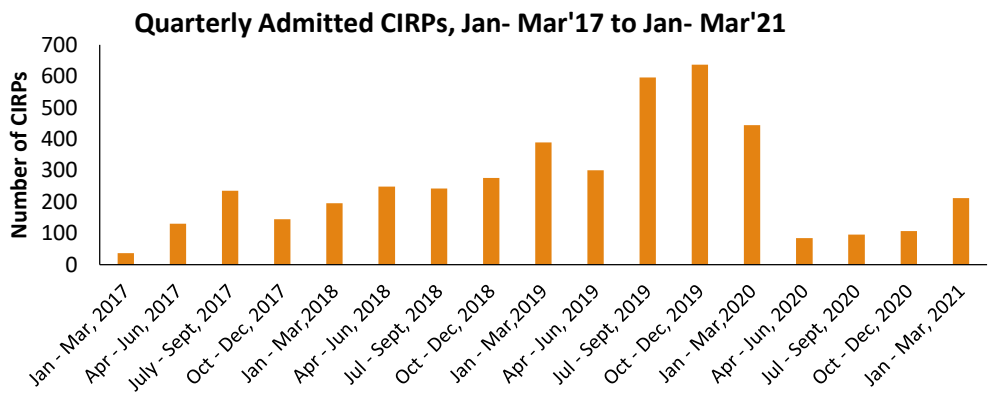
# Insolvency and Recovery Situation in India in FY2021

- The Insolvency and Bankruptcy Code (IBC) is the bankruptcy law of India which is designed to consolidate all the laws which are related to insolvency by creating a single law.
- IBC was passed by Lok Sabha on 5 May 2016 and the Code received the approval of the President of India on 28 May 2016. Based on the requirement, various rules have been updated and new steps have been added since then.

## What is the current status of the Corporate Insolvency Resolution Processes (CIRPs)?

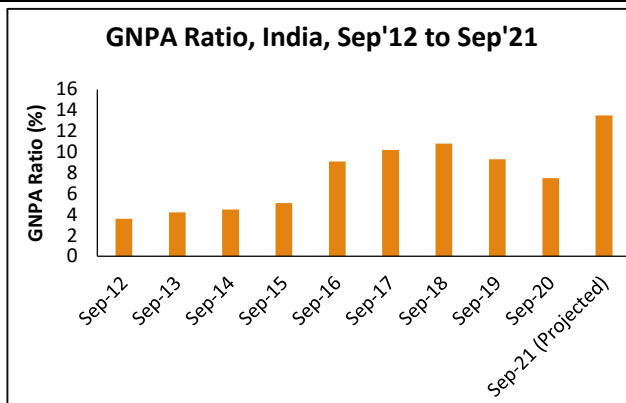
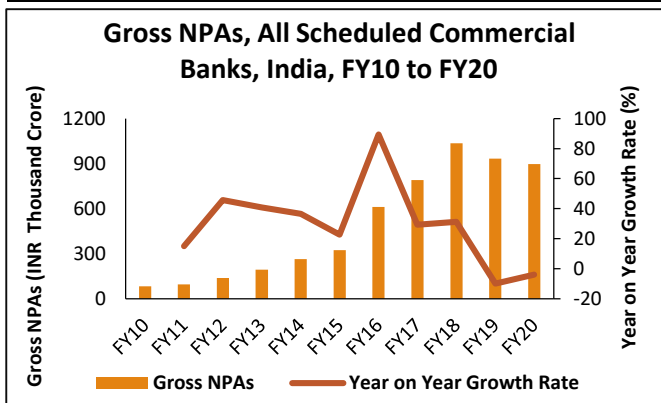
Total numbers of admitted Corporate Resolution Insolvency Process (CIRP) in NCLT till 31<sup>st</sup> March, 2021

**4376**

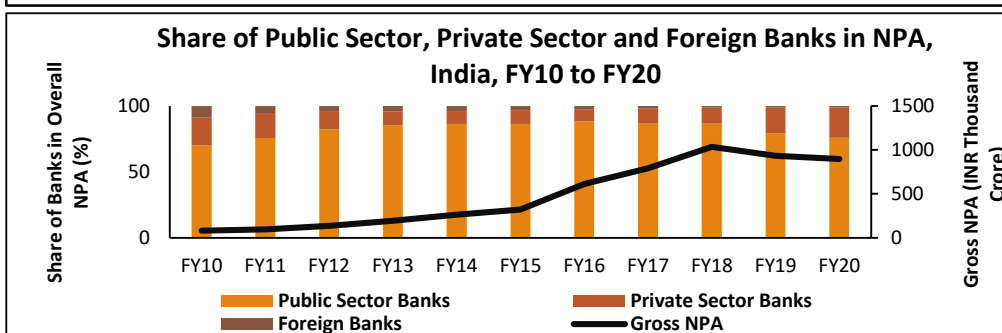


# Status of Non-Performing Assets (NPAs) across the Economy

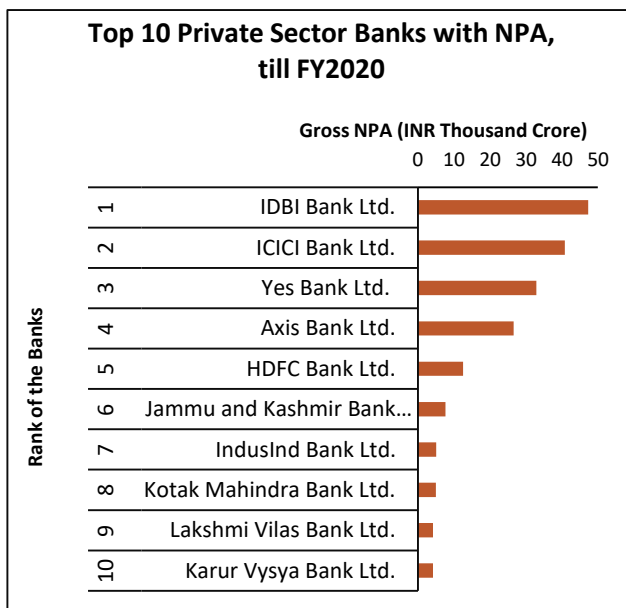
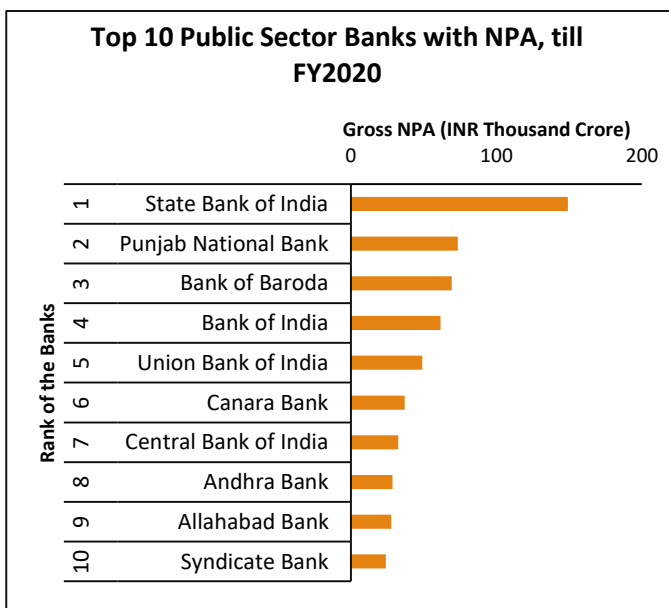
## What has been the effect of the implementation of IBC on the NPAs in India so far?



- NPA or Non Performing Assets are true reflector of a lender's or debtor's stressed condition.
- Between FY10 to FY20, the NPA in the Indian economy had increased at a CAGR of **27.06%**. However the Year on Year (Y-o-Y) growth of it seems to be declined from **15.03%** to **-4.02%** during that same time period.
- The NPA was gradually falling due to the effective implementation of IBC across the country till 2020. The GNPA ratio (*Gross NPA Ratio is the ratio of total gross NPA to total advances or loans of the bank*) which touched the value of **11.5%** in Mar'18 decreased to **7.5%** in Sep'20.
- However, the outbreak of COVID-19 pandemic impacted the Indian economy severely in 2020. The disruption in the economic activities in the country led to ceased industrial operations, closure of multiple business, job losses and caused the borrowers delayed repayments or failed to repay altogether. This is why it is being estimated that the Banks' gross NPA may rise to **13.5%** by Sep'21.



Between FY10 to FY20, NPAs in the public sector banks and private sector banks had risen at the CAGR of **28.03%** and **28.1%** respectively.



# Status of the Resolved Cases

## Dynamics of Resolved Cases as per Claim Size (Till Mar'21)

Range of Admitted Claims of Financial Creditors (INR)	No. of Cases	Claim of Financial Creditor (INR Crore)	Recovery to Financial Creditor (INR Crore)	% of Recovery
Less than 50 Crore	136	2182.47	1119.14	51.28
Between 50.1 Crore to 100 Crore	40	2947.98	1147.31	38.92
Between 100.1 Crore to 500 Crore	66	15332.73	4138.28	26.99
Between 500.1 Crore to 1,000 Crore	24	17684.01	4362.35	24.67
Between 1,000.1 Crore to 10,000 Crore	44	151484.65	34137.47	22.54
Between 10,000.1 Crore to 50,000 Crore	8	163023.26	54301.00	33.31
More than 50,000 Crore	1	56022.06	35568.41	63.49
<b>Total</b>	<b>319</b>	<b>408677.16</b>	<b>134773.96</b>	<b>32.98</b>

## Details About the Resolved Cases (Till Mar'21):

<b>Total No. of Cases Resolved</b>	319
<b>Total Claim of Financial Creditors (INR Crores)</b>	4,08,677.16
<b>Amount Recovered by Financial Creditors (Rs. Crores)</b>	1,34,773.96
<b>% of Recovery to Financial Creditors</b>	32.98%

## Initiators of Resolved Cases Till Mar'21

Initiated by	Number of Cases	Claims of FC	Recovered Amount	% of Recovery for FC
Financial Creditor	173	305547.14	112928.97	36.96
Operational Creditor	110	74270.083	12815.0571	17.25
Corporate Debtor	36	28859.9317	9029.93133	31.29
<b>Total</b>	<b>319</b>	<b>408677.158</b>	<b>134773.959</b>	<b>32.98</b>

## Top 5 Highest Admitted Financial Claims (Till Mar'21)

SL. No.	Company Name	Admission Date	Resolution Approval Date	Initiated By	Claims of FC (INR Crore)	Realisation of FCs (%)	Recovered Amount (INR Crore)
1	Bhushan Steel Limited	26-07-02017	15-05-2018	FC	56022.06	63.49%	35568.41
2	Reliance Infratel Limited	17-05-18	03-12-20	OC	41055.38	10.32%	4236.92
3	Alok Industries	18-07-2017	08-03-2019	FC	29523.86	17.11%	5051.53
4	Jaypee Infratech Limited	09-08-2017	03-03-2020	FC	23176	100.20%	23222.35
5	Aircel Limited	12-03-2018	09-06-2020	CD	19831.79	33.43%	6629.77

Source: IBBI, Reserve Bank of India, LSI Research

