

# Insolvency and Recovery Situation in India in FY2020

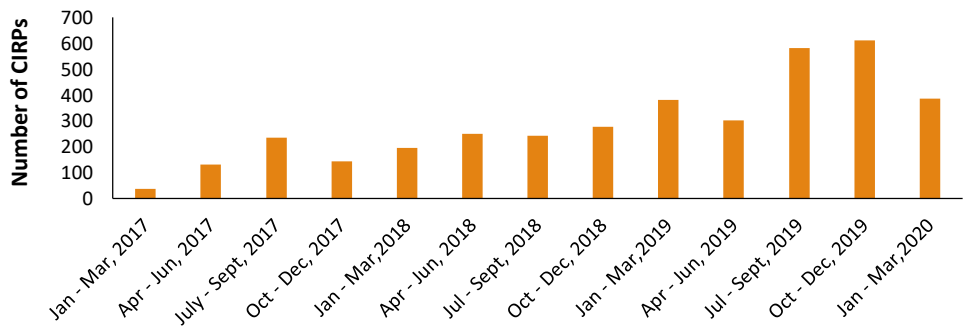
- The Insolvency and Bankruptcy Code (IBC), the bankruptcy law of India is designed to consolidate all the laws which are related to insolvency by creating a single law.
- IBC was passed by Lok Sabha on 5 May 2016 and the Code received the approval of the President of India on 28 May 2016. Based on the 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)?

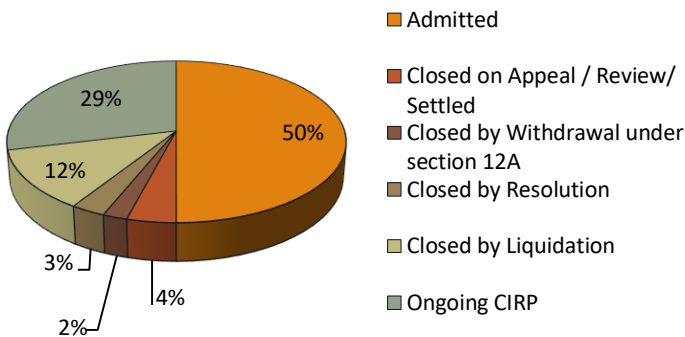
Total numbers of admitted Corporate Resolution Insolvency Processes (CIRPs) in NCLT till 31<sup>st</sup> March, 2020

**3774**

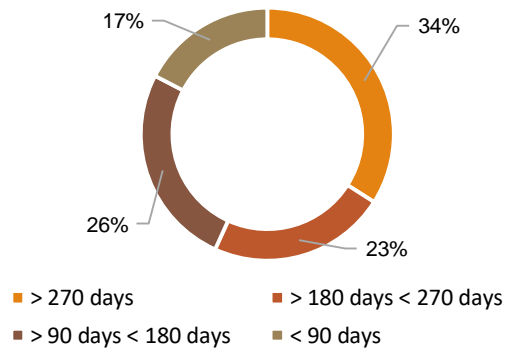
Quarterly Admitted CIRPs, Jan- Mar'17 to Jan - Mar'20



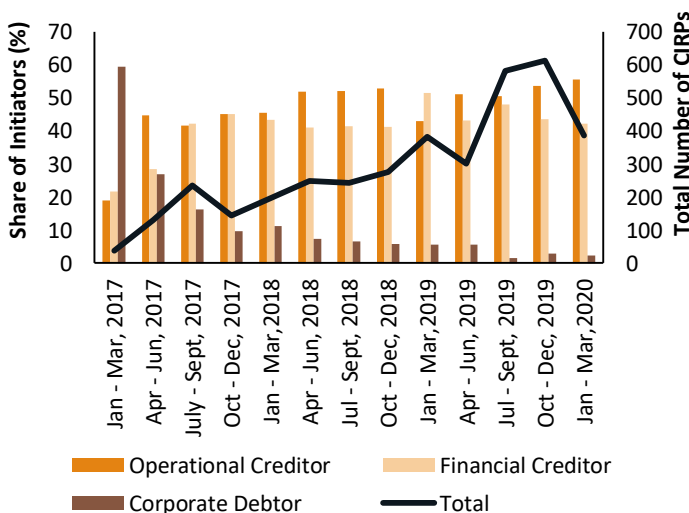
Status of CIRPs as on Mar'20



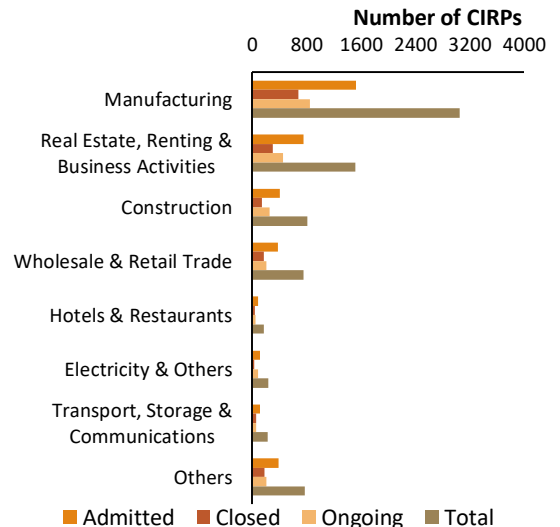
Time Taken by the Ongoing CIRPs, as on Mar'20



Details of Admitted CIRPs in NCLT by the Initiators as on Mar'20

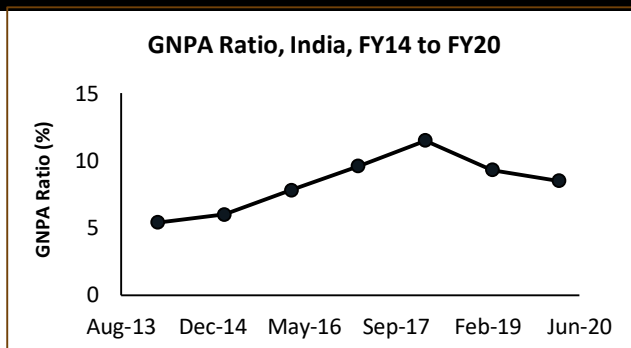
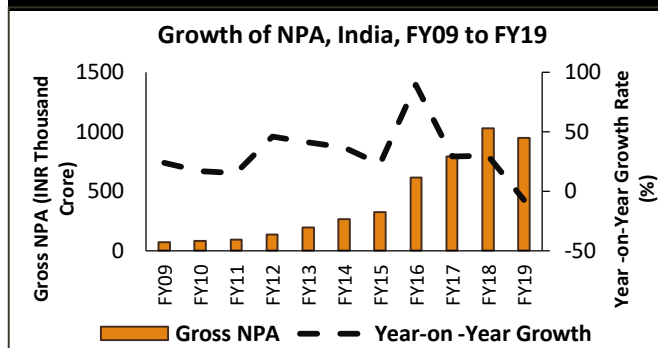


Sectoral Distribution of CIRPs as on Mar'20

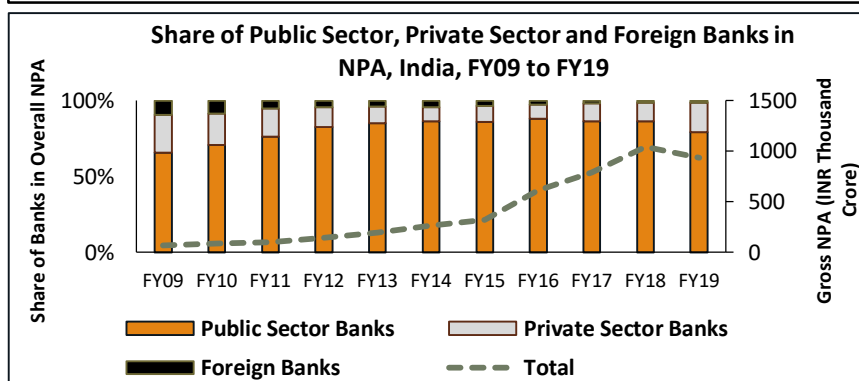


# Status of Non-Performing Assets (NPAs) across the Economy

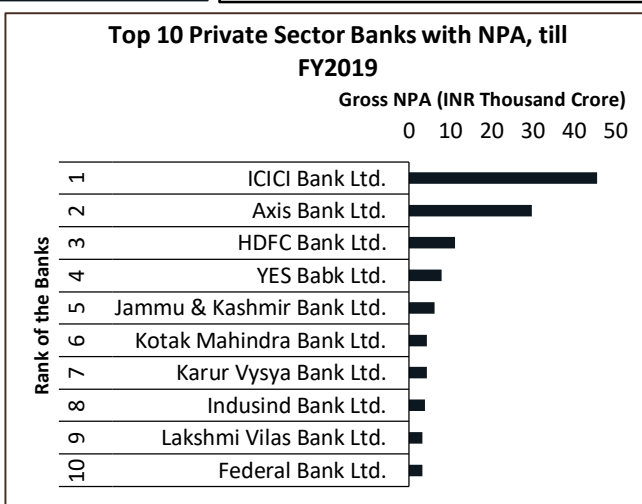
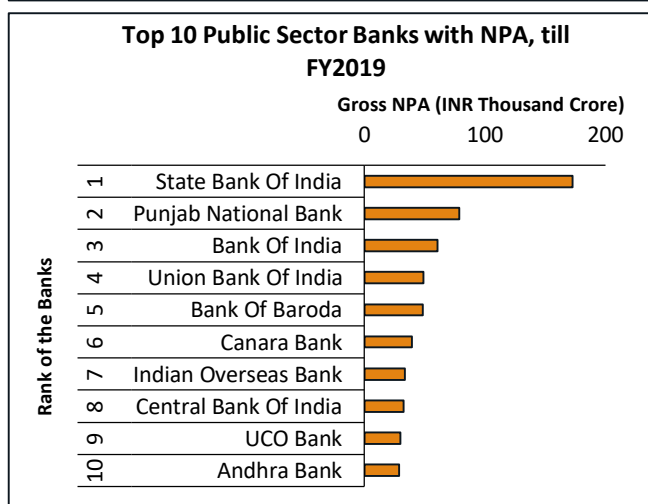
## What has been the effect of the implementation of IBC on the NPAs in India till FY2020?



- NPA or Non Performing Assets are true reflector of a lender's or debtor's stressed condition.
- Between FY09 to FY19, the NPA in the Indian economy had increased at a CAGR of **29.8%**. However the Year on Year (Y-o-Y) growth of it seems to be declined from **23.58%** to **-7.41%** during that same time period.
- The NPA is gradually falling due to the effective implementation of IBC across the country. 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 has also decreased to **8.5%** in Mar'20.



- For the Public sector banks, the growth of NPA is the highest.
- Between FY09 to FY19, NPAs in the public sector banks had risen at a CAGR of **32.32%**.
- For the private sector banks and foreign banks, the CAGR were **26.92%** and **6.63%** respectively between that said period.



- The NPA of the Indian economy has seen to be reduced after the successful implementation of IBC. The gross NPA which was **INR 10.25 Lakh Crore** in March'18 reduced to **INR 9.49 Lakh Crore** in March'19.
- However, the gross non-performing assets (GNPA) ratio which was **8.5%** in **Mar'20** is now expected to rise up to **12.5%** in **Mar'21** given the impact of the Covid-19 outbreak, exposures to certain stressed sectors, moderation in the bank credit growth and muted demand scenario.



# Status of the Resolved Cases

## Dynamics of Resolved Cases as per Claim Size (till Mar'20)

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 100 Crore	117	3420.62	1510.86	44.17
Between 100.1 Crore to 500 Crore	38	8698.82	2627.30	30.20
Between 500.1 Crore to 1000 Crore	15	11563.49	3073.09	26.58
Between 1000.1 Crore to 10,000 Crore	28	105397.86	24860.24	23.59
Between 10,000.1 Crore to 50,000 Crore	5	89494.91	40820.12	45.61
More than 50,000 Crore	1	56022.06	35568.41	63.49
<b>Total</b>	<b>204</b>	<b>274597.76</b>	<b>108460.02</b>	<b>39.50</b>

## Details About the Resolved Cases (till Mar'20):

<b>Total No. of Cases Resolved</b>	204
<b>Total Claim of Financial Creditors (INR Crores)</b>	2,74,597.76
<b>Amount Recovered by Financial Creditors (Rs. Crores)</b>	1,08,460.02
<b>% of Recovery to Financial Creditors</b>	39.5

## Initiators of Resolved Cases till Mar'20

Initiated by	Number of Cases	Claims of FC	Recovered Amount	% of Recovery for FC
Financial Creditor	111	245229.13	101228.56	41.28
Operational Creditor	62	21435.94	5387.41	25.13
Corporate Debtor	31	7932.69	1844.05	23.25
<b>Total</b>	<b>204</b>	<b>274597.76</b>	<b>108460.02</b>	<b>39.5</b>

## Top 5 Highest Admitted Financial Claims by the Financial Creditors (till Mar'20)

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	26-07-2017	15-05-2018	FC	56022.06	63.49	35568.41
2	Alok Industries	18-07-2017	08-03-2019	FC	29523.86	17.11	5051.53
3	Jaypee Infratech Limited	09-08-2017	03-03-2020	FC	23176	100.20	23222.352
4	Electrosteel Steels Limited	21-07-2017	17-04-2018	FC	13175.14	40.38	5320.12
5	Amtek Auto Ltd.	24-07-2017	25-07-2018	FC	12605	34.38	4333.60

Source: IBBI, Reserve Bank of India, LSI Research

