

## Insolvency and Bankruptcy Board of India

**Subject: Status note on Insolvency Resolution Process and Bankruptcy Process of Personal Guarantors to Corporate Debtors**

The Insolvency and Bankruptcy Code, 2016 (Code) classifies individuals into three classes, namely, personal guarantors (PGs) to corporate debtors (CDs), partnership firms and proprietorship firms, and other individuals, to enable implementation of individual insolvency in a phased manner. Vide notification dated 15<sup>th</sup> November, 2019, the provisions relating to insolvency resolution of PGs to CDs came into force on 1<sup>st</sup> December, 2019.

2. This note presents the status of insolvency resolution processes of PGs to CDs till **end of May 2024 and related matters.**

**A. Insolvency resolution process of PGs to CDs: -**

3. The following data is based on information available with the Board received from the applicants, Insolvency Professionals (IPs), and data collated from various benches of NCLT and DRT. A total of 3,071 applications for initiation of insolvency resolution process of PGs to CDs have been filed, of which 3,021 have been filed in different benches of the NCLT and 50 in different benches of the DRT. A total of 441 applications have been initiated by the debtors under section 94 of the Code involving a debt amount of ₹ 21,788.24 crore\* and 2,630 applications have been initiated by the creditors under section 95 of the Code involving a debt amount of ₹ 1,81,051.48 crore#. The caveats to these data points are presented as footnotes to Table 1.

**Table 1: Insolvency Resolution Process of PG to CD.**

*(Amount in ₹ crore)*

Period	Applications filed by				Total		Adjudicating Authority	
	Debtors (u/s 94)		Creditors (u/s 95)		No.	Debt Amount	NCLT	DRT
	No.	Debt Amount	No.	Debt Amount				
2019 - 20	3	49.66	23	3299.82	26	3349.48	25	1
2020 - 21	27	2492.98	253	40111.58	280	42604.56	274	6
2021 - 22	86	3545.82	934	67342.38	1020	70888.20	1005	15
2022 - 23	77	10402.83	864	39106.20	941	49509.03	940	1
2023 - 24	226	4127.87	466	23481.56	692	27609.43	665	27
Apr, 2024	11	287.51	46	6628.32	57	6915.83	57	0
May, 2024	11	881.57	44	1081.62	55	1963.19	55	0
<b>Total</b>	<b>441</b>	<b>21788.24</b>	<b>2630</b>	<b>181051.48</b>	<b>3071</b>	<b>202839.72</b>	<b>3021</b>	<b>50</b>

*The data are provisional. These are getting revised on continuous basis as further information received.*

\* Debt Amount has been compiled from the Form A of IRP Rules. Data is not available in 128 cases.

# Debt Amount has been compiled from Form C of IRP Rules. Data is not available in respect of 402 cases.

4. While collating the data above, certain instances have been noticed where (i) there is one CD and more than one PG; (ii) one CD, one (or more) PG and more than one creditor; (iii) two CDs, one (or more) PG; and (iv) one (or more) creditor and one CD and more than one PG. The treatment

to note the debt amount of the applications in such instances is placed at Annexure 1 for information.

5. Table 2 informs the status of applications for resolution of PGs to CDs before its admission/rejection. Out of the 3,071 applications filed, RPs have been appointed in 1,514 cases (including applications admitted or withdrawn/ dismissed/ rejected after appointment of RP), 117 cases have been withdrawn/ dismissed/ rejected before appointment of RP, and RPs are yet to be appointed in 1,440 cases.

**Table 2: Status of applications filed.**

Status	No. of applications filed		
	by Debtor(s)	by Creditor(s)	Total
(A) Withdrawn - before appointment of RP	2	49	51
(B) Dismissed/Rejection - before RP appointment	5	61	66
(C) RP appointed*	159	1,355	1,514
(D) Withdrawn - after appointment of RP	7	27	34
(E) Dismissed/Rejection - after RP appointment	13	50	63
(F) Admitted	43	414	457
(G) RP yet to be appointed	275	1,165	1,440
<b>Grand Total (A+B+C+G)</b>	<b>441</b>	<b>2,630</b>	<b>3,071</b>

\*This includes the cases where applications have been admitted and withdrawn/ dismissed/ rejected after appointment of RP.

6. Section 99 requires the RP to file a report recommending either acceptance or rejection of the application. Table 3 informs the status of reports filed by the RP. Out of 1,514 cases, where RPs have been appointed, as per the information received from the RPs, reports have been filed in 845 cases. Four cases have been directly admitted by the Adjudicating Authority (AA) and in 669 cases, information with respect to section 99 report, is yet to be received.

**Table 3: Status of reports filed by the RP u/s 99.**

Status	No. of applications filed		
	by Debtor(s)	by Creditor(s)	Total
No. of cases, where reports have been submitted	76	769	845
No. of cases recommended for acceptance of application	71	730	801
No. of cases recommended for rejection of application	3	6	9

Note: Out of the 845 cases, a copy of the report filed by the RP is not available with the Board in 35 cases.

7. Table 4 informs the status of applications after their admission by the AA. 457 applications have been admitted and out of them 144 cases have been closed and 313 cases are ongoing.

**Table 4: Status of admitted cases.**

No. of cases Admitted	Closure by				Ongoing cases
	Appeal	Withdrawal	Rejection of Repayment Plan	Approval of Repayment Plan	
457	0	12	106*	26	313

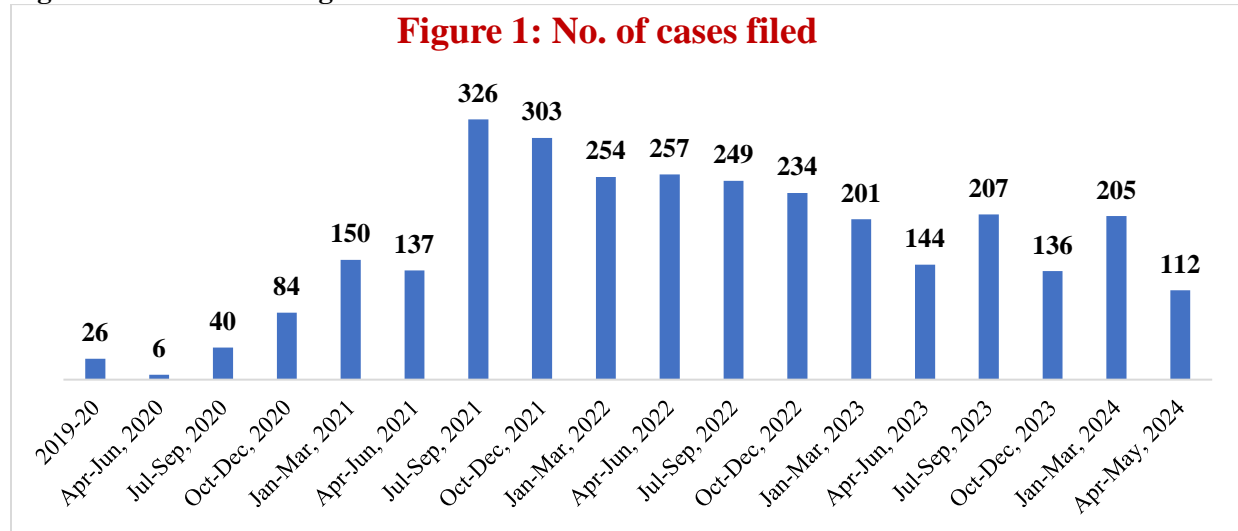
\*This includes 63 cases where repayment plan is not submitted.

8. As of May 2024, AA has approved repayment plans in 26 cases. The details are given in Table 5.

**Table 5. IIRP yielding approval of Repayment Plan***(Amount in ₹ crore)*

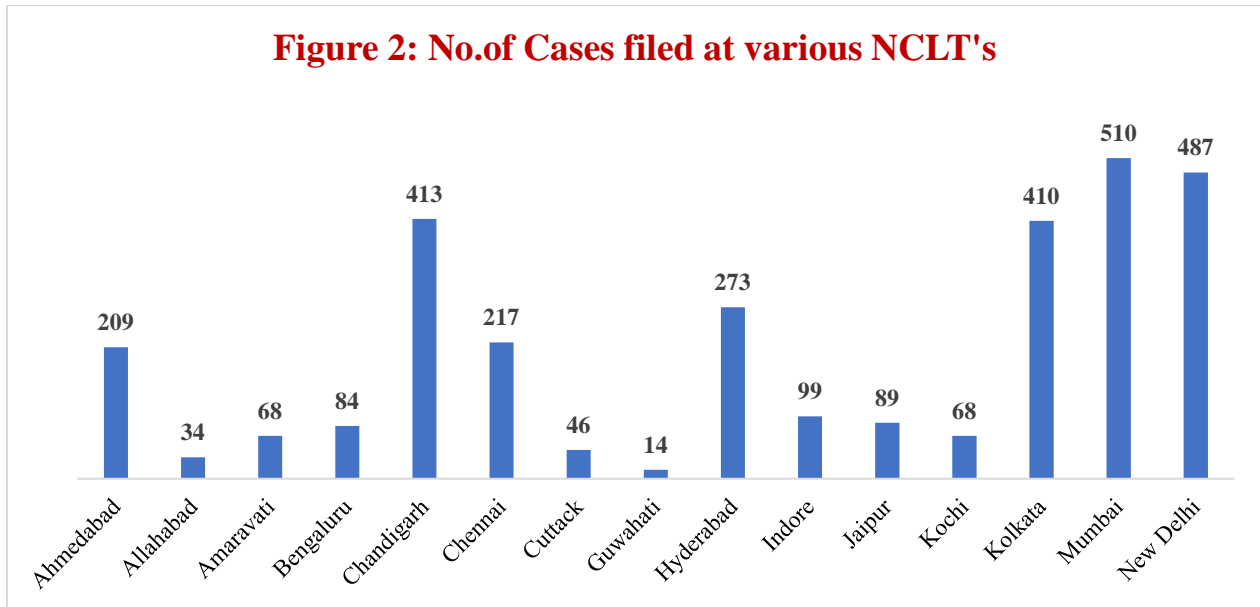
Sl. No.	Name of the PG	Name of the CD	IIRP initiated by	Date of commencement of IIRP	Date of approval of plan	Total admitted claim	Realisable Amount
1.	Mr. Tshering Pintso Bhutia	M/s. Bluefern Ventures Pvt Ltd	Creditor	30-09-21	30-09-22	30.28	12.00
2.	Mr. Ongmu Bhutia						
3	J Vikram	Vishwa Infrastructure & Services Pvt Ltd	Creditor	13-05-22	09-03-23	1441.6	11.1
4	M Radha Devi						
5	K Vijay Kumar						
6	K Supriya						
7	M Laxmi Narayan Reddy						
8	K Tara Bai						
9	L Sridhar Reddy						
10	M Laxmi Prasanna						
11	Y Padmaja						
12	Yerra Srinivas						
13	Y Narsinga Rao						
14	J Sunitha						
15	K Ramesh Reddy	Chadalvada Infratech Ltd	Creditor	21-09-22	13-09-22	278.07	68.17
16	K Suresh Reddy						
17	T Yugandhar						
18	T Padmavathi						
19	T Shri Ganesh						
20	T Devender						
21	T Pavani						
22	Bakul Jayantilal Karia	Pradip Overseas Ltd	Creditor	27-04-2022	20-03-2024	3017.5	11.51
23	Chetan Jayantilal Karia						
24	Pradip Jayantilal Karia						
25	Pritesh Jayantilal Karia						
26	Vishal Ramesh Karia						
Total						4,767.45	102.78

9. Details of periodical filing of application are given in Figure-1.

**Figure 1: Periodical filing of cases.**

10. The AA in respect of insolvency matters of PGs to CDs is DRT. However, where the insolvency resolution and liquidation for corporate persons is going on, the AA is the NCLT. By the end of May 2024, more than 98 % of the total cases are filed at different benches of NCLT. Figure 2 presents the NCLT bench-wise filing of number of applications.

**Figure 2: NCLT bench-wise filing of applications.**



**B. Bankruptcy process of PGs to CDs: -**

11. As per section 121 of the Code, an application for initiation of bankruptcy process can be filed by a debtor or creditor(s) within a period of three months in the following three circumstances, namely: -

- (a) where the application for initiation of IRP of a debtor has been rejected by the AA u/s 100(4); or
- (b) where the repayment plan has been rejected by the AA u/s 115(2); or
- (c) where the repayment plan has been ended prematurely and an order has been passed by the AA u/s 118(3).

12. As per the information received from the applicants, IPs and data collected from various benches of NCLT and DRT, 56 applications are filed by the creditors u/s 123 of the Code for initiation of bankruptcy process. Among them one application has been filed before DRT, Chennai wherein the AA has appointed the Bankruptcy Trustee in the said matter and 55 applications have been filed before NCLT, Hyderabad bench.

**Table 6: Bankruptcy Resolution Process of PG to CD.***(Amount in ₹ crore)*

Period	Applications filed by				Total		Adjudicating Authority	
	Debtors (u/s 122)		Creditors (u/s 123)		No.	Debt Amount	NCLT	DRT
	No.	Debt Amount	No.	Debt Amount				
2022 - 23	0	0	20	2695.89	20	2695.89	19	1
2023 - 24	1	8.46	34	1523.46	35	1531.92	35	0
Apr, 2024	0	0	1	3.64	1	3.64	1	0
May, 2024	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>8.46</b>	<b>55</b>	<b>4222.99</b>	<b>56</b>	<b>4231.45</b>	<b>55</b>	<b>1</b>

13. This is submitted for information of the Governing Board.

## Treatment of different scenarios for noting the debt amount

Scenario	Example	Present Treatment															
One CD and more than one PG	<p>CD: XYZ Ltd PG: Mr. A, Mr. B and Mr. C. Total debt of the CD: ₹ 100 crore.</p> <p>Guarantees of the PGs have been invoked by the creditor for a sum of ₹ 100 crore each.</p> <p>Three separate applications are filed for initiation of IRP of Mr. A, Mr. B and Mr. C for a debt amount of ₹ 100 crore each.</p> <p><b>[many instances have come to notice]</b></p>	<table border="1" data-bbox="886 380 1404 569"> <thead> <tr> <th data-bbox="886 380 987 474">PG Name</th> <th data-bbox="987 380 1211 474">Debt Amount for which application has been filed</th> <th colspan="2" data-bbox="1211 380 1404 474">Debt amount considered for MIS</th> </tr> </thead> <tbody> <tr> <td data-bbox="886 474 987 506">Mr. A</td> <td data-bbox="987 474 1211 506">₹ 100 crore</td> <td colspan="2" data-bbox="1211 474 1404 506" rowspan="3">₹ 100 crore</td> </tr> <tr> <td data-bbox="886 506 987 537">Mr. B</td> <td data-bbox="987 506 1211 537">₹ 100 crore</td> </tr> <tr> <td data-bbox="886 537 987 569">Mr. C</td> <td data-bbox="987 537 1211 569">₹ 100 crore</td> </tr> </tbody> </table> <p data-bbox="886 600 1421 705">For the purpose of MIS, total debt amount has been considered as ₹ 100 crore only to avoid double counting.</p>				PG Name	Debt Amount for which application has been filed	Debt amount considered for MIS		Mr. A	₹ 100 crore	₹ 100 crore		Mr. B	₹ 100 crore	Mr. C	₹ 100 crore
PG Name	Debt Amount for which application has been filed	Debt amount considered for MIS															
Mr. A	₹ 100 crore	₹ 100 crore															
Mr. B	₹ 100 crore																
Mr. C	₹ 100 crore																
One CD, one (or more) PG and more than one creditor	<p>CD: XYZ Ltd PG: Mr. A Creditors: ABC bank and PQR bank. Debt at ABC bank: ₹ 100 crore Debt at PQR bank: ₹ 80 crore</p> <p>Both ABC bank and PQR bank have invoked the guarantees against Mr. A and filed applications for initiation of IRP of Mr. A separately for a debt amount of ₹ 100 crore and ₹ 80 crore respectively.</p> <p><b>[one such instance has come to notice]</b></p>	<table border="1" data-bbox="886 884 1404 1188"> <thead> <tr> <th data-bbox="886 884 976 978">PG Name</th> <th data-bbox="976 884 1114 978">Name of the Applicant</th> <th data-bbox="1114 884 1260 978">Debt Amount for which application has been filed</th> <th data-bbox="1260 884 1404 978">Debt amount considered for MIS</th> </tr> </thead> <tbody> <tr> <td data-bbox="886 1062 976 1094">Mr. A</td> <td data-bbox="976 1062 1114 1136">ABC bank</td> <td data-bbox="1114 1062 1260 1094">₹ 100 crore</td> <td data-bbox="1260 1062 1404 1094">₹ 100 crore</td> </tr> <tr> <td data-bbox="886 1136 976 1188">Mr. A</td> <td data-bbox="976 1136 1114 1188">PQR bank</td> <td data-bbox="1114 1136 1260 1167">₹ 80 crore</td> <td data-bbox="1260 1136 1404 1167">₹ 80 crore</td> </tr> </tbody> </table> <p data-bbox="886 1230 1421 1335">For the purpose of MIS, total debt amount has been considered separately as both are separate applications.</p>				PG Name	Name of the Applicant	Debt Amount for which application has been filed	Debt amount considered for MIS	Mr. A	ABC bank	₹ 100 crore	₹ 100 crore	Mr. A	PQR bank	₹ 80 crore	₹ 80 crore
PG Name	Name of the Applicant	Debt Amount for which application has been filed	Debt amount considered for MIS														
Mr. A	ABC bank	₹ 100 crore	₹ 100 crore														
Mr. A	PQR bank	₹ 80 crore	₹ 80 crore														
Two CDs, one (or more) PG and one (or more) creditor	<p>CD1: XYZ Ltd CD2: PQR Ltd PG: Mr. A Creditors: ABC bank</p> <p>Debt for XYZ Ltd: ₹ 100 crore Debt for PQR Ltd: ₹ 80 crore</p> <p>ABC bank has invoked two separate guarantees (for XYZ Ltd and PQR Ltd) against Mr. A and filed two applications for initiation of IRP of Mr. A separately for two</p>	<table border="1" data-bbox="886 1451 1404 1703"> <thead> <tr> <th data-bbox="886 1451 976 1545">PG Name</th> <th data-bbox="976 1451 1114 1545">Name of the CD</th> <th data-bbox="1114 1451 1260 1545">Debt Amount for which application has been filed</th> <th data-bbox="1260 1451 1404 1545">Debt amount considered for MIS</th> </tr> </thead> <tbody> <tr> <td data-bbox="886 1640 976 1671">Mr. A</td> <td data-bbox="976 1640 1114 1671">XYZ Ltd</td> <td data-bbox="1114 1640 1260 1671">₹ 100 crore</td> <td data-bbox="1260 1640 1404 1671">₹ 100 crore</td> </tr> <tr> <td data-bbox="886 1671 976 1703">Mr. A</td> <td data-bbox="976 1671 1114 1703">PQR Ltd</td> <td data-bbox="1114 1671 1260 1703">₹ 80 crore</td> <td data-bbox="1260 1671 1404 1703">₹ 80 crore</td> </tr> </tbody> </table> <p data-bbox="886 1745 1421 1850">For the purpose of MIS, total debt amount has been considered separately as both are separate applications.</p>				PG Name	Name of the CD	Debt Amount for which application has been filed	Debt amount considered for MIS	Mr. A	XYZ Ltd	₹ 100 crore	₹ 100 crore	Mr. A	PQR Ltd	₹ 80 crore	₹ 80 crore
PG Name	Name of the CD	Debt Amount for which application has been filed	Debt amount considered for MIS														
Mr. A	XYZ Ltd	₹ 100 crore	₹ 100 crore														
Mr. A	PQR Ltd	₹ 80 crore	₹ 80 crore														

	<p>debt amounts of ₹ 100 crore and ₹ 80 crore respectively.</p> <p><b>[one such instance has come to notice]</b></p>										
<p>One CD and more than one PG</p> <p>(Application filed by the PG u/s 94 of the Code)</p>	<p>CD: XYZ Ltd PG: Mr. A and Mr. B. Total debt of the CD: ₹ 100 crore.</p> <p>Debt of Mr. A: ₹ 100 crore (debt of the CD) + ₹ 5 crore (loans from personal capacity e.g. housing loan, vehicle loan, etc.)</p> <p>Debt of Mr. B: ₹ 100 crore (debt of the CD)</p> <p>Two separate applications are filed for initiation of IRP of Mr. A and Mr. B for a debt amount of ₹ 105 crore and ₹ 100 crore respectively.</p> <p><b>[many such instances have come to notice]</b></p>	<table border="1"> <thead> <tr> <th>PG Name</th> <th>Debt Amount for which application has been filed</th> <th>Debt amount considered for MIS</th> </tr> </thead> <tbody> <tr> <td>Mr. A</td> <td>₹ 105 crore</td> <td>₹ 5 crore</td> </tr> <tr> <td>Mr. B</td> <td>₹ 100 crore</td> <td>₹ 100 crore</td> </tr> </tbody> </table> <p>For the purpose of MIS, the common debt of ₹ 100 crore has not been considered.</p>	PG Name	Debt Amount for which application has been filed	Debt amount considered for MIS	Mr. A	₹ 105 crore	₹ 5 crore	Mr. B	₹ 100 crore	₹ 100 crore
PG Name	Debt Amount for which application has been filed	Debt amount considered for MIS									
Mr. A	₹ 105 crore	₹ 5 crore									
Mr. B	₹ 100 crore	₹ 100 crore									