

Insolvency and Bankruptcy Board of India

Subject: Status note on Individual Insolvency Resolution Process

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 15th November, 2019, the provisions relating to insolvency resolution of PGs to CDs came into force on 1st December, 2019.

2. This note presents the status of insolvency resolution processes of PGs to CDs till **end of January 2022 and related matters**. This 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 724 applications for initiation of insolvency resolution process of PGs to CDs have been filed, of which 707 have been filled in the NCLT and 17 in the DRT. The applications initiated by the debtors under section 94 of the IBC are 53 in number involving a debt amount of ₹ 4086.49 crore with a guarantee amount of ₹ 1296.54 crore. Applications initiated by the creditors under section 95 are 671 in number involving a debt amount of ₹ 84567.25 crore and guarantee amount of ₹ 68966.78 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)

	Applications filed by						Total			Adjudicating Authority	
	Debtors (u/s 94)			Creditors (u/s 95)			No.	Debt Amount	Guarantee Amount	NCLT	DRT
	No.	Debt Amount	Guarantee Amount	No.	Debt Amount	Guarantee Amount					
2019 - 20	3	49.66	40.75	14	3256.87	4454.83	17	3306.53	4495.58	16	1
2020-21	15	1875.48	608.75	161	35458.36	25432.07	176	37333.84	26040.82	170	6
Apr - Jun, 2021	2	496.00	150.13	72	7718.68	10198.94	74	8214.68	10349.07	74	0
July - Sep, 2021	19	1193.14	407.41	234	23133.21	21431.76	253	24326.35	21839.17	244	9
Oct-Dec, 2021	7	365.45	89.5	159	5219.52	2635.65	166	12855.3	5309.02	165	1
Jan-2022	7	106.76	NA	31	2510.28	2229.66	38	2617.04	2229.66	38	0
Total	53	4086.49*	1296.54**	671	84567.25#	68966.78##	724	88653.74	70263.32	707	17

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 **one** case.*

*** Guarantee amount has been compiled from the guarantee deeds wherever available. Actual liability may differ. Guarantee data is not available in **28** cases.*

*# Debt Amount has been compiled from the Form C of IRP Rules. Data is not available in respect of **27** cases.*

*## Guarantee amount has been compiled from the guarantee deeds wherever available. Actual liability may differ. Guarantee data is not available in **170** cases.*

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

4. Table 2 informs the status of applications for resolution of PGs to CDs before its admission / rejection. Out of the 724 applications filed, RPs have been appointed in 152 cases, 21 cases have been withdrawn / dismissed / rejected before appointment of RP, and RPs are yet to be appointed in 551 cases.

Table 2: Status of applications filed.

Status	No. of applications filed		
	by Debtor	by Creditor(s)	Total
RP appointed*	12	138	150
Withdrawn - before appointment of RP	0	17	17
Withdrawn - after appointment of RP	0	2	2
Dismissed/Rejection - before RP appointment	0	4	4
Dismissed/Rejection - after RP appointment	0	0	0
RP yet to be appointed	41	510	551
Grand Total	53	671	724

*This excludes the cases where applications have been withdrawn / dismissed / rejected after the appointment of RP.

5. 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 150 cases, where RPs have been appointed, as per the information received from the RPs, 91 reports have been filed by the RP. Four cases have been directly admitted by the Adjudicating Authority and in 55 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 report submitted	7	84	91
No. of cases recommended for acceptance of application	5	63	68
No. of cases recommended for rejection of application	1	2	3

Out of the 91 cases, report filled by the RP is not available with the Board in 20 cases.

6. Table 4 informs the status of applications after their admission by the Adjudicating Authority. 12 applications have been admitted and out of them one has been closed by way of rejection of the repayment plan and 11 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	
12	0	0	1	0	11

7. These 724 applications have been filed with respect to 277 CDs and 673 PGs. The frequency distribution details are given in Table 5 and 6.

Table 5: No. of CDs and frequency distribution of their PGs.

No. of PGs in each CD	> 5 PGs	5 PGs	4 PGs	3 PGs	2 PGs	1 PG	Total
No. of CDs	19	15	28	54	76	81	273*
No. of applications filed	142	75	112	162	152	81	724

* In an application, there is one PG for **five** CDs.
Name of the CD is not available in 4 cases.

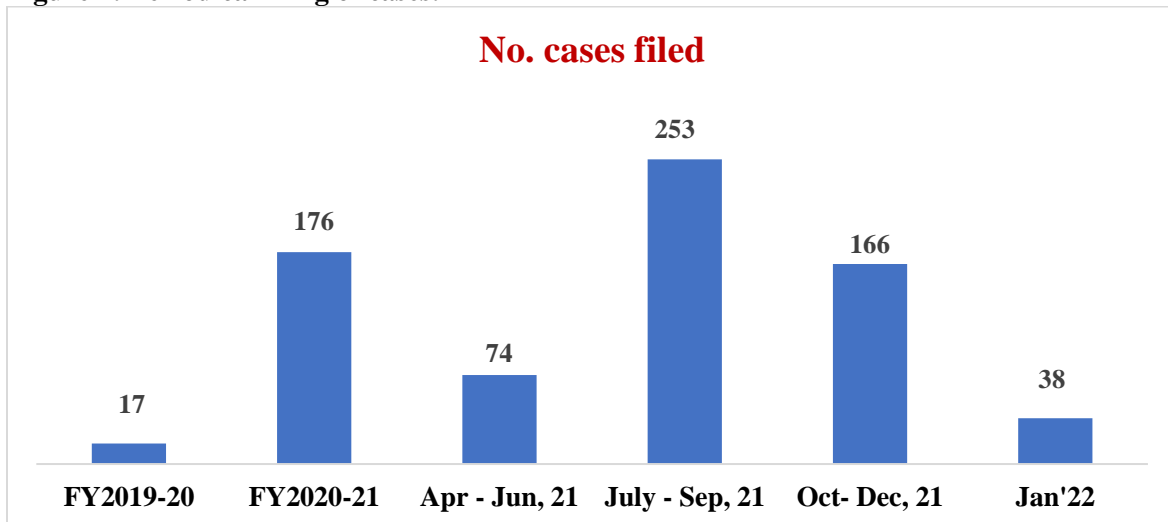
Table 6: No. of PGs and frequency distribution of their CDs

No. of CDs for each PG	5 CDs	3 CDs	2 CDs	1 CD	Total
No. of PGs	1	12	31	625	669*
No. of applications filed	1	36	62	625	724

* In an application, there are **five** PGs for one CD.

8. Details of periodical filing of application is given in Figure-1.

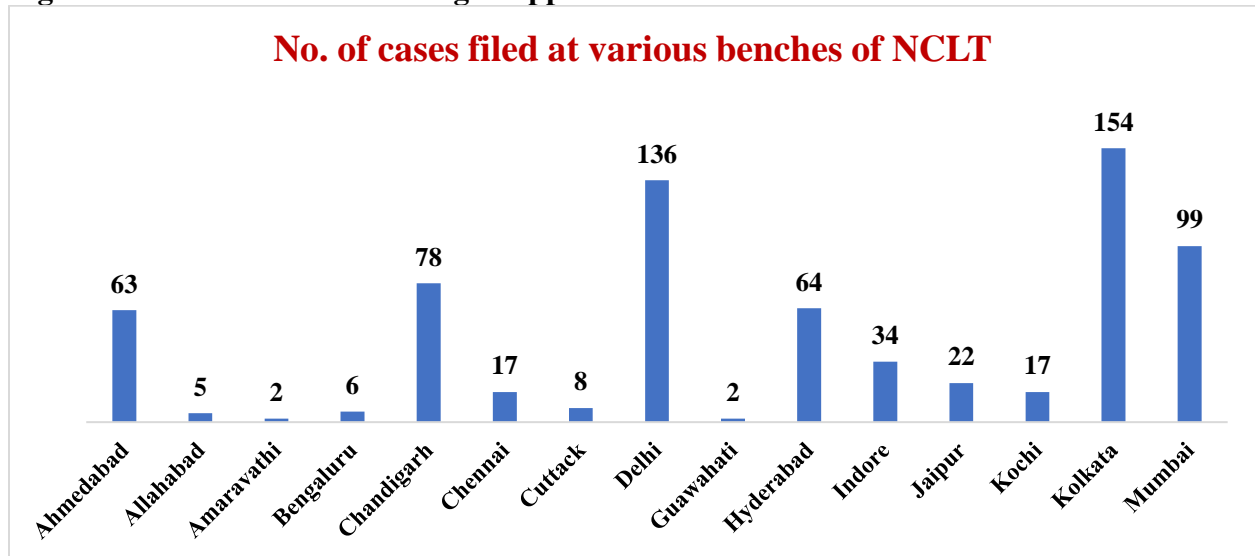
Figure 1: Periodical filing of cases.



9. The Adjudicating Authority 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 Adjudicating Authority is the NCLT. By the end of January, 2022, 98% of the total cases are filed at different

benches of NCLT and 2% of cases are filed at different benches of DRT. Figure 2 presents the NCLT bench-wise filing of number of applications.

Figure 2: NCLT bench-wise filing of applications.



10. 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>[many instances have come to notice]</p>	PG Name	Debt Amount for which application has been filed	Debt amount considered for MIS	<p>For the purpose of MIS, total debt amount has been considered as ₹ 100 crore only to avoid double counting.</p>
		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>[one such instance has come to notice]</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
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</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
		<p>For the purpose of MIS, total debt amount has been considered separately as both are separate applications.</p>			

	<p>of IRP of Mr. A separately for two debt amounts of ₹ 100 crore and ₹ 80 crore respectively.</p> <p>[one such instance has come to notice]</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>[many such instances have come to notice]</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>	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											
		<p>For the purpose of MIS, the common debt of ₹ 100 crore has not been considered.</p>											