

**Address of Justice Ashok Bhushan, Chairperson, NCLAT on
IBBI Annual Day 2025**

1. Esteemed guests, respected colleagues, and distinguished delegates, it is with sincere appreciation and profound enthusiasm I attend the Insolvency and Bankruptcy Board of India (IBBI's) Ninth Annual Day celebrations. I am truly honoured to stand before this esteemed assembly of experts, eminent persons, and luminaries who have significantly advanced the field of insolvency law in India. I thank the Chairperson of IBBI, Shri Ravi Mital ji, for inviting me to be amongst this knowledgeable gathering today.

2. Today's celebration is not just a ceremonial occasion; it is an opportunity for all of us to reflect on the remarkable journey of the Insolvency and Bankruptcy Code, 2016 (IBC/ Code), to acknowledge the achievements it has brought to our economy, to take stock of the challenges that remain, and to collectively envision the way forward.

3. Before 2016, India's insolvency framework was scattered across various laws, resulting in inefficiencies, prolonged delays, high costs, and minimal recovery for creditors. To remedy this, the Indian government introduced the IBC in 2016, unifying and simplifying the insolvency process. The

IBC's insolvency resolution framework represents a relatively recent transformation in India's economic landscape, and the success of such reforms hinges on the robustness of the supporting institutional framework. The establishment of a dedicated regulatory authority and specialized tribunals markedly improved efficiency, leading to enhanced recovery rates and shorter resolution timelines.

4. With the enactment of this legislation, India ushered in a new chapter for its insolvency resolution system, marking a significant shift from previous inefficiencies. This reform underscores India's dedication to fostering a business-friendly environment aligned with international insolvency standards. Beyond a mere legal overhaul, it reflected India's growing economic ambitions and its role in the global financial ecosystem.
5. Since its introduction, the IBC has demonstrated agility, flexibility, nuance, and continuous refinement in its application, enabling it to achieve its intended goals. The IBC has fundamentally reshaped India's insolvency resolution process and credit culture, facilitating substantial recoveries. The IBC was designed to tackle the shortcomings of earlier insolvency mechanisms, offering a cohesive and comprehensive framework to ensure the prompt resolution of insolvency and bankruptcy cases. Its core objectives were clear: to encourage entrepreneurship, secure credit

availability, and to equitably balance the interests of all stakeholders, including the creditors and debtors. Through this, the IBC sought to cultivate an environment where businesses could operate confidently, assuring that insolvency issues would be resolved efficiently and fairly.

6. When the Code was enacted, it was described as a “game-changer.” Few could have imagined how profoundly it would reshape India’s credit landscape and entrepreneurial environment in less than a decade. Today, the Code stands as one of the tallest towers of India’s economic reform journey. It embodies a simple but powerful philosophy: that those who do business must have the freedom to succeed, but also the certainty of a fair and predictable exit if things go wrong.

7. The competence of the IBC’s regime is based on several key institutional pillars that collectively ensure its effective functioning. Among these are the insolvency professionals, information utilities, the IBBI, which acts as the regulator, the National Company Law Tribunal (NCLT), which is the Adjudicating Authority for corporate persons, and the National Company Law Appellate Tribunal (NCLAT), which is the Appellate Authority that hears appeals against orders from the NCLT.

8. In nine years, since its inception, the Code has built a robust institutional ecosystem. Today, we have 4500 registered insolvency professionals, 127 insolvency professional entities, three insolvency professional agencies, and nearly six thousand registered valuers. We also have an operational information utility, the National e-Governance Services Limited, which has issued over one lakh records of default.
9. This ecosystem has produced significant outcomes. As of June this year, 8,492 corporate insolvency resolution processes have been admitted. Out of these, 1258 companies have been rescued through resolution. Another 2505 cases were settled post-admission, and about 2824 cases went into liquidation.
10. In financial terms, this means that the creditors have realised nearly INR. 3.96 lakh crore under approved resolution plans. Recoveries have been 170 percent of liquidation value, 95% of fair value and about one-third of the total claims admitted. Interestingly, about 40% of these resolved companies were defunct businesses, i.e., companies that were no longer going concerns. Yet, through resolution, even these non-operational companies were brought back to life, leading to job creation and value generation. This is the real success of the Code: that it does not simply close businesses, it revives them where possible.

11.The deterrent impact of the Code has been equally remarkable. Over 30,000 cases have been settled even before admission into the process, covering defaults worth nearly INR. 14 lakh crore. That is money which would otherwise have been locked up in litigation for years.

12.However, any discussion on the journey of the Code would be incomplete without acknowledging the pivotal role played by the IBBI. The IBBI has been at the centre of nurturing, regulating, and expanding this young but vibrant ecosystem. The IBBI's contributions to sustaining the IBC's effectiveness are numerous. By regulating and overseeing Insolvency Professionals, Insolvency Professional Agencies, and Information Utilities, the IBBI ensures that only qualified and ethical professionals manage insolvency cases, thereby building trust in the system. Through a rigorous examination system, pre-registration courses, continuous professional education, peer reviews, and disciplinary frameworks, the IBBI has created a strong and large cadre of professionals who are available to deal with the huge number of insolvency cases in the country.

13.The IBBI has played a critical role in building institutional capacity, stakeholder outreach, and capacity building. It has established rigorous professional and ethical standards, mandated ongoing training, and enforced stakeholder accountability. Additionally, the IBBI promotes

transparency through comprehensive disclosure and reporting requirements, enabling informed decision-making and bolstering creditor confidence.

14. The IBBI has streamlined corporate resolutions and driven regulatory responsiveness. Over the years, with the aid of IBBI's extensive efforts, a number of amendments in CIRP and liquidation regulations have made the entire insolvency resolution process more transparent, efficient, and stakeholder-friendly.

15. In short, the IBBI has not just acted as a regulator under the mandate of the Code—it has acted as an enabler, a facilitator, and a thought leader. The Board's efforts have been critical in making the Code not only operational but also successful.

16. Despite the IBC having brought forth tremendous and unprecedented developments, we must acknowledge that challenges remain. The most pressing among them is delay. While the Code stipulates that resolution should be completed within 330 days, the average time taken by the different processes stipulated under the Code takes way longer to complete.

17. A similar and related challenge is the backlog of cases before the adjudicating authorities and the appellate authority, which often operate under capacity constraints in terms of the number of judges, benches, and institutional infrastructure.
18. Talking about recoveries made under the Code, although they are better than the earlier regimes, they are still modest in absolute terms, i.e., about one-third of claims admitted. Further, certain sectors present unique challenges; for example, real estate insolvencies involve thousands of homebuyers as stakeholders, requiring special processes of representation and protection.
19. Similarly, large group insolvencies raise complex questions of coordination. Also, the issue of procedural ambiguities persists. These challenges, however, do not undermine the success of the Code, but they remind us that insolvency law is a living law, one that must evolve constantly with experience and economic needs.
20. Looking forward, it is critical to acknowledge both the challenges and opportunities faced by the current insolvency regime. The rise of globalization has increased cross-border insolvency cases, underscoring the need for harmonized international frameworks to address jurisdictional

and creditor disputes. Additionally, maximizing value from distressed assets should remain a key focus. Also, we must ensure the protection of the interests of all stakeholders.

21. We must also strengthen institutional capacity. The establishment of additional NCLT benches for a limited period may be necessary to clear the backlog. In the long term, we must consider creating dedicated insolvency benches, staffed and trained exclusively for IBC matters. And we must have dedicated procedural rules for insolvency, rather than borrowing from the general company law framework.

22. We must also improve speed and efficiency. The e-Courts platform must be upgraded to a new version with AI-assisted case management, digital filing, automated notices, and real-time dashboards. Registries must be empowered to handle procedural aspects so that judicial members can focus on adjudication.

23. We must tighten governance. Section 29A of the Code, which bars errant promoters from re-entering through back doors, must be further strengthened to prevent proxy participation. Section 32A, which gives new management a clean slate, must be carefully implemented to prevent

misuse. Insolvency professionals must be held to the highest standards, with robust disciplinary mechanisms.

24. Besides the above, there are several emerging trends in this domain that need to be adequately addressed and catered to. Some examples of such trends are pre-packaged insolvency, out-of-court restructuring, and the value of mediation as a complementary tool in insolvency resolution. There is also growth in individual and personal insolvency laws, the integration of technology and digital platforms, increased involvement of asset reconstruction companies and distressed funds, and simplification of the procedures for Micro, Small, and Medium Enterprises (MSMEs) and small businesses.

25. In less than a decade, the Code has revived more than a thousand companies, saved lakhs of jobs, restored billions of rupees to creditors, and instilled a culture of credit discipline. It has made exits easier, recoveries faster, and our financial system stronger.

26. But we must not rest on past achievements. The above discussed challenges of delay, backlog, and other complexities require to be addressed by the concerted effort of all stakeholders—the Government, the regulator,

insolvency professionals, the judiciary, and the financial sector. Together, we must ensure that the Code realises its full potential.

27. On this Ninth Annual Day of the IBBI, let us celebrate the progress that we have made, and let us recommit ourselves to the journey ahead. The journey of making India not only a global leader in ease of doing business, but also a model in ease of exit. The journey of making insolvency resolution not just a process of recovery, but a pathway to renewal. Through our collective expertise and steadfast commitment, we can ensure that India's insolvency regime serves as a global model of fairness, efficiency, and effectiveness.

28. With these reflections, I conclude my address, extending my congratulations and best wishes on this Annual Day of IBBI. I am confident that in the years to come, IBBI is able to continue in its successful journey in guiding and strengthening this vital ecosystem. May IBBI achieve many more important and significant milestones in streamlining the insolvency process in our country.

Thank you, and Jai Hind.