



UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

EDITORIAL ANALYSIS

IBC at 10: India's Insolvency Code Needs Administrative Rescue Before Its Next Decade

BUSINESS STANDARD

27 May 2026 · ECONOMY · GS3

CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

ALSO FROM THE CREATOR

BharatNotesFree UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com →

ADVERTISE

Advertise with Ujiyari

Reach thousands of UPSC aspirants daily.

epicbharat@gmail.com

IBC at 10: India's Insolvency Code Needs Administrative Rescue Before Its Next Decade

Business Standard 27 May 2026 **GS3**

BS Business Standard

2 tags ▾



INTERVIEW ANGLE

"If the IBC has delivered ₹4.32 trillion in creditor recoveries but resolutions still take 621 days against a 330-day statutory ceiling, is the law's problem one of design or of state capacity?"

BUSINESS STANDARD

| Editorial | May 27, 2026

A decade after the INSOLVENCY AND BANKRUPTCY CODE (IBC)

was passed (**May 28, 2016**), India's bankruptcy framework has reshaped credit discipline and produced meaningful resolution outcomes — **IIM-Ahmedabad data on 1,194 resolved firms shows ~90% sales growth** post-resolution and **₹4.32 trillion in creditor recoveries** by March 2026. But average resolution timelines have stretched to **621 days against the 330-day statutory ceiling**. The editorial calls for **expanded NCLT/NCLAT capacity, faster operationalisation of the 2026 IBC Amendment** (introducing **CoC supervision of liquidation**), and a sharper focus on the administrative scaffolding the next decade demands.

THE ARGUMENT IN ONE LINE

The IBC's design is sound; its administration is the bottleneck. Capacity expansion + the 2026 amendment's CoC-led liquidation + a digital-first NCLT can take India from a "credit-discipline" success to a "predictable-resolution" success.

IBC@10 — WHERE THE LAW STANDS

METRIC	ACHIEVEMENT
Cases admitted (cumulative, March 2026)	~ 8,300+ under Corporate Insolvency Resolution Process (CIRP)
Resolution Plans approved	~ 1,200+ firms
Creditors' recovery (cumulative)	~ ₹4.32 trillion
Recovery rate	~32% of admitted claims on average (varies widely by case)
Average resolution timeline	621 days (vs 330-day statutory ceiling)
Pendency at NCLT	Significant backlog; varies by bench
IBBI registered IPs (Insolvency Professionals)	~4,000+
Information Utilities	One major — NeSL (National e-Governance Services Ltd)

THE STATUTORY ARCHITECTURE

ELEMENT	DETAIL
Law	Insolvency and Bankruptcy Code, 2016 (Act No. 31 of 2016)
Passed	May 11, 2016 (Lok Sabha) / May 25, 2016 (Rajya Sabha); notified May 28, 2016
Regulator	Insolvency and Bankruptcy Board of India (IBBI) — established October 1, 2016
Adjudicating authority	National Company Law Tribunal (NCLT) for corporates; DRT for individuals (when notified)
Appellate authority	National Company Law Appellate Tribunal (NCLAT)
Final appeal	Supreme Court
Statutory ceiling for resolution	180 days + 90 days extension + 60 days mandatory = 330 days (post 2019 amendment)

WHY THE IBC WAS A BIG DEAL

PRE-IBC	POST-IBC
Multiple overlapping laws — SICA, RDDB Act, SARFAESI, Companies Act winding-up — each with its own forum	Single unified Code for all corporate insolvency
Average resolution time: 4.3 years ; recovery rate ~ 26% (World Bank Doing Business)	Time and recovery improved (though not yet to statutory targets)
Promoter-friendly delays were the norm	Section 29A disqualifies wilful defaulters from bidding for their own companies
Banking system: NPAs at ~ 11% of advances (March 2018)	NPAs down to ~ 2.4% (March 2025) — IBC's "credible threat" is widely credited

THE 2026 IBC AMENDMENT — WHAT IT CHANGES

PROVISION	PRE-2026	POST-2026
Liquidation supervision	IBBI + liquidator largely unsupervised in real time	Committee of Creditors (CoC) continues to supervise liquidation
Cross-border insolvency	Section 234/235 framework largely unused	Model Law on Cross-Border Insolvency framework operationalised
Pre-pack expansion	Only MSMEs eligible	Expanded to larger firms with creditor consent
Project-wise insolvency (real estate)	Conflicting NCLT rulings	Codified after <i>Supertech</i> -style learnings
Individual insolvency	DRT framework partially notified	Phased rollout

The CoC-supervised liquidation is the headline reform: it ends the silo where the CoC's role evaporates once a Resolution Plan fails and the firm slides into liquidation.

WHAT STILL DOESN'T WORK

PAIN POINT	SYMPTOM
NCLT capacity	~31 benches; mounting pendency; vacancies; many members are non-judicial members from accounting/management backgrounds
Delays at the threshold	Admission itself takes 200+ days in many cases
Section 29A litigation	Disqualification of bidders generates long-running disputes
Avoidance transactions	Look-back provisions (preferential, undervalued, fraudulent) under-litigated
Personal/individual insolvency	Largely unnotified; <i>Jaypee</i> -style flat-buyer cases stress-test the framework
Banking culture	OTS (one-time settlement) revival in PSBs sometimes undercuts IBC discipline

THE EXAMINER'S THREE QUESTIONS

Q	ANSWER LOGIC
Has the IBC succeeded?	Yes — directionally. Credit discipline restored; NPAs down; promoters lost veto. No — operationally. Timelines slipped; capacity hasn't scaled.
What's the design lesson?	Strong statute + weak state capacity = sub-optimal outcome. Lesson for any 21st-century Indian reform.
What's the next decade's priority?	Administrative scale-up: more NCLT benches; digital NCLT; trained insolvency professionals; cross-border framework operationalisation.

CROSS-REFERENCES — UPSC ANGLE

- **Bankruptcy Law Reforms Committee (BLRC)** chaired by **T.K. Viswanathan** (constituted August 2014; report submitted November 4, 2015) — drafted the IBC bill.
- Justice **B.N. Srikrishna** chaired the related **Financial Sector Legislative Reforms Commission (FSLRC, 2011–13)** and later the **Data Protection Committee (2017–18)** — adjacent but distinct from IBC drafting.
- **Insolvency Law Committee** — multiple reports (2018, 2020, 2022, 2024) recommended phased amendments.
- **Project-wise insolvency in real estate** — clarified after *Supertech*, *Jaypee Infratech*, *Amrapali* cases.

- **Cross-border insolvency** – model law based on **UNCITRAL Model Law (1997)**; India’s adaptation pending operationalisation in 2026.

WIDER SIGNIFICANCE

- **Ease of doing business** – IBC was central to India’s *Doing Business* ranking improvement (43 by 2019).
- **Banking-sector cleanup** – NPAs from ~11% to ~2.4% is one of India’s biggest structural macro stories.
- **Investor confidence** – predictable bankruptcy framework is a prerequisite for FDI and corporate-bond market deepening.
- **Climate-finance link** – predictable resolution of stressed power and infrastructure assets enables stranded-asset transitions.

WAY FORWARD

- **NCLT bench expansion + digital infrastructure** – at least 60 benches with virtual hearings as default.
- **Specialised infrastructure-insolvency rules** – for power, roads, telecom, real estate.
- **Operationalise cross-border framework** – India desperately needs it for stressed Air India-era cross-jurisdiction cases.
- **Individual insolvency rollout** – phased from professionals/proprietors to all individuals.
- **Independent IBBI** – strengthen autonomy and disciplinary capacity for Insolvency Professionals.

UPSC RELEVANCE

GS Paper 3 – Indian Economy:

- Indian Economy and issues relating to planning, mobilization of resources, growth, development.
- Effects of liberalisation on the economy.
- Banking – NPAs, financial sector reform.

Analytical hooks for Mains:

- IBC@10 – assessment.
- State capacity and statutory reform – the Indian governance pattern.
- Banking-sector cleanup and economic recovery.

FACTS CORNER

IBC enacted: May 28, 2016.

Regulator: IBBI (established Oct 1, 2016).

Adjudication: NCLT (corporates), DRT (individuals when notified); appellate NCLAT.

Statutory resolution ceiling: 330 days (180 + 90 + 60).

Current average resolution time (March 2026): 621 days.

Cumulative cases admitted (March 2026): ~8,300+ CIRPs.

Cumulative creditor recoveries (March 2026): ~₹4.32 trillion.

IIM-A study (May 2026): 1,194 resolved firms; ~90% post-resolution sales growth.

Section 29A: Bars wilful defaulters / disqualified persons from bidding.

NPA decline: ~11% (Mar 2018) → ~2.4% (Mar 2025).

UNCITRAL Model Law on Cross-Border Insolvency: 1997 — basis for India's 2026 cross-border framework.

Bankruptcy Law Reforms Committee (BLRC): Chaired by T.K. Viswanathan, constituted Aug 2014; report submitted November 4, 2015 — drafted the IBC.

Editorial source: Business Standard, May 27, 2026 | Cross-link: Daily SC GST gaming verdict, May 27, 2026

Source: IBC at 10: India's Insolvency Code Needs Administrative Rescue Before Its Next Decade — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

PRACTICE TODAY'S QUIZ


[Take the 27 May 2026 Quiz →](#)

RELATED DAILY ARTICLES

27 May **Current Affairs Today — May 27, 2026**

27 May **Supreme Court Upholds 28% GST on Online Money Gaming**

27 May **India Becomes 2nd Largest Data Centre Market in...**

26 May **Current Affairs Today — May 26, 2026**

← **NEWER EDITORIAL**

**Bijapurkar on India's Consumer "Value Logic":
Why the...**

OLDER EDITORIAL →

**IBC at 10 — Sahoo and Pandey: Credit
Discipline Achieved,...**



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/editorials/2026/05/bs-ibc-at-10-administration-improvement-2026/>

ALSO FROM THE CREATOR

BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing → bharatnotes.com](http://bharatnotes.com)

📌 OPPORTUNITY

Advertise with Ujiyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

Ideal for: Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · ujiyari.com · bharatnotes.com