

Emerging Issues in

COMMERCE AND MANAGEMENT



Pema Lama
Brahma Chaudhuri

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A Study on the Effectiveness of the Insolvency and Bankruptcy Code, 2016



Souma Halder

Assistant Professor
and Head
Dept. of Commerce
Government Girls
General Degree
College, Ekbalpur,
Kolkata

ABSTRACT

The Insolvency and Bankruptcy Code, 2016 ('IBC' or 'The Code') is considered as one of the biggest reforms in India in recent days. The code aims to find an appropriate solution for stressed assets in a time-bound process with liquidation as the last resort. The study tries to analyze how the code has reshaped the stressed asset recovery mechanism that was prevailing in the country. It also analyzes the progress that has been made to date in terms of resolution, liquidation, and procedural changes and whether that has been aligned with the basic objective of the Code or not. It is found that the Code has been an effective mechanism in terms of better realization as compared to other mechanisms that were used earlier. However, the liquidation rate out of the Corporate Insolvency Resolution Process (CIRP) is much higher than the resolution and is in contradiction to the objective of the Code. The Code has envisaged for a time-bound resolution process; however, in practice, a majority of the cases have exceeded the stipulated time-limit to come out with either a resolution or liquidation decision.

Keywords: *Insolvency & Bankruptcy Code (IBC), Insolvency Resolution, Liquidation, Corporate Insolvency Resolution Process (CIRP)*

I. INTRODUCTION

The Insolvency & Bankruptcy Code, 2016 ("IBC" or "Code") is considered as the biggest economic reform in recent year. The Code, which came into existence in December 2016, has replaced all existing regulations and