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Effectiveness of Corporate Debt Restructuring Mechanisms under the Insolvency and Bankruptcy Code in India: A Critical Evaluation of Emerging Challenges

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Abstract

The Insolvency and Bankruptcy Code, 2016 (IBC) represents India's most ambitious legislative intervention in the domain of corporate debt resolution—a structural overhaul that dismantled decades-old fragmented frameworks and replaced them with a unified, time-bound insolvency architecture. This research paper critically evaluates the effectiveness of the corporate debt restructuring mechanisms embedded within the IBC, examining both its systemic achievements and the structural challenges that continue to impede its full potential. Drawing on quantitative data sourced from the Insolvency and Bankruptcy Board of India (IBBI), National Company Law Tribunal (NCLT) reports, and Reserve Bank of India (RBI) publications spanning the period 2017 to 2024, the study analyses case resolution trends, recovery rates, liquidation patterns, and time-efficiency metrics across sectors.

The paper reveals that while the IBC has substantially improved creditor recovery rates from approximately 13% under the erstwhile Board for Industrial and Financial Reconstruction (BIFR) regime to around 46% under successful resolution plans, systemic deficiencies remain entrenched. These include chronic delays in excess of the statutory 330-day outer limit, an alarming ratio of liquidation to resolution outcomes (1.5:1), inadequate infrastructure for cross-border insolvency, information asymmetry in credit markets, and the narrowly tailored pre-packaged insolvency scheme that fails to benefit large corporate debtors. Through a comparative analysis of insolvency frameworks in the United States, United Kingdom, Germany, and Singapore, the paper proposes targeted legislative, institutional, and judicial reforms to strengthen the IBC's corporate debt restructuring function. The study employs a doctrinal and empirical mixed methodology, combining statutory analysis, judicial precedent review, and secondary data interpretation. The findings underscore the urgent need for structural reform in NCLT bench strength, adoption of the UNCITRAL Model Law on Cross-Border Insolvency, digital credit infrastructure expansion, and recalibration of Section 29A eligibility thresholds to attract a wider pool of resolution applicants.

Keywords: Insolvency and Bankruptcy Code 2016, Corporate Debt Restructuring, NCLT, Committee of Creditors, Resolution Plan, Liquidation, Pre-packaged Insolvency, IBBI, Cross-Border Insolvency, Section 29A.

I. Introduction

Corporate debt crises have long posed one of the most complex governance challenges for emerging market economies. In India, the problem of non-performing assets (NPAs) and corporate insolvency had been festering for decades prior to 2016, aggravated by legal fragmentation, institutional inefficiency, and a deeply creditor-hostile enforcement culture. Before the enactment of the IBC, the resolution of corporate distress was distributed across at least twelve different legislative frameworks—including the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (RDDBFI Act), the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), and the Companies Act, 2013—each operating in institutional silos, producing contradictory outcomes and chronic delays. The Insolvency and Bankruptcy Code, 2016 emerged from the recommendations of the Bankruptcy Law Reforms Committee (BLRC), chaired by Dr. T.K. Viswanathan, which sought to consolidate and rationalise this fragmented architecture into a coherent, creditor-driven, time-bound insolvency regime. The fundamental philosophy underpinning the IBC is the

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primacy of resolution over liquidation and the commercial wisdom of a democratically constituted Committee of Creditors (CoC), operating under the supervisory oversight of the Insolvency Professionals (IPs) and the Insolvency and Bankruptcy Board of India (IBBI). Since its operationalisation in 2017, the IBC has drawn significant academic, judicial, and policy attention. The Supreme Court of India, in a series of landmark decisions—most notably Swiss Ribbons Pvt. Ltd. v. Union of India (2019), Committee of Creditors of Essar Steel v. Satish Kumar Gupta (2019), and Vidarbha Industries Power Ltd. v. Axis Bank Ltd. (2022)—has iteratively shaped the constitutional contours and operational parameters of the Code. Yet, despite these jurisprudential clarifications, deep structural challenges persist in the implementation of the IBC's debt restructuring mechanisms.

This paper is organised as follows: Section II sets out the research methodology; Section III provides a legislative overview of the IBC's debt restructuring architecture; Section IV presents data interpretation and analysis; Section V critically evaluates emerging challenges; Section VI offers a comparative international analysis; Section VII proposes reform recommendations; and Section VIII concludes.

II. Research Methodology

Research Design

This study adopts a mixed doctrinal-empirical methodology. The doctrinal component involves a systematic analysis of the IBC's statutory provisions, subordinate regulations, IBBI circulars, and judicial precedents from the NCLT, NCLAT, and the Supreme Court of India. The empirical component relies on secondary quantitative data drawn from IBBI Annual Reports (2017–2024), RBI Financial Stability Reports, NCLT Bench Performance Assessments, and the World Bank's Ease of Doing Business indices.

Data Sources: Primary legislative and judicial sources include the Insolvency and Bankruptcy Code, 2016; the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016; and Supreme Court decisions in matters of constitutional validity and operational interpretation. Secondary data sources include published IBBI quarterly newsletters, National Judicial Data Grid (NJDG) statistics, and comparative legislative materials from the United States Bankruptcy Code (Title 11 USC), the UK Insolvency Act, 1986, and the Singapore Insolvency, Restructuring and Dissolution Act, 2018.

Scope and Limitations: The study is limited to the corporate insolvency resolution process (CIRP) and does not examine individual insolvency proceedings under Part III of the IBC or the cross-class cram-down provisions in detail. The quantitative data, while sourced from official publications, may be subject to reporting lags and definitional differences across periods. The comparative analysis is necessarily selective and does not claim universal applicability across all common law or civil law jurisdictions.

III. Legislative Architecture of Corporate Debt Restructuring Under the IBC

3.1 The CIRP Framework

The Corporate Insolvency Resolution Process (CIRP) under Part II, Chapter II of the IBC is the centrepiece mechanism for corporate debt restructuring in India. An application for CIRP may be filed before the NCLT by a financial creditor under Section 7, an operational creditor under Section 9, or the corporate debtor itself under Section 10. The admission of such an application triggers an immediate moratorium under Section 14, which creates a protective shield over the corporate debtor's assets, suspending all pending legal proceedings, enforcement actions, and debt recovery processes. Upon admission, an Interim Resolution Professional (IRP), and subsequently a Resolution Professional (RP), takes over the management of the corporate debtor. A Committee of Creditors (CoC), comprising solely financial creditors, is constituted and endowed with the commercial authority to evaluate and approve resolution plans submitted by eligible resolution applicants. The CoC must approve a resolution plan by a majority of 66% of the voting share—a threshold that was revised from

the original 75% by the 2019 Amendment to facilitate smoother decision-making.

3.2 Pre-packaged Insolvency Resolution Process (PPIRP)

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021, subsequently enacted as the IBC (Amendment) Act, 2021, introduced the Pre-packaged Insolvency Resolution Process (PPIRP) specifically for micro, small, and medium enterprises (MSMEs). The PPIRP represents a hybrid mechanism that blends out-of-court negotiation with formal judicial supervision, allowing the corporate debtor to arrive at a pre-negotiated resolution plan before initiating CIRP proceedings, thereby reducing time, cost, and operational disruption. However, the PPIRP's scope remains confined to MSMEs with defaults not exceeding Rs. 1 crore, severely limiting its systemic impact on large corporate debt restructuring where the stakes and complexities are far greater. The extension of pre-packaged mechanisms to large corporates has been a persistent demand from industry associations and restructuring professionals.

3.3 The Role of IBBI as a Systemic Regulator

The Insolvency and Bankruptcy Board of India (IBBI), established under Section 188 of the IBC, functions as the apex regulatory and developmental authority for the insolvency ecosystem. It registers and regulates insolvency professionals, insolvency professional agencies, and information utilities. The IBBI's regulatory architecture has evolved considerably since 2017, with multiple rounds of regulatory amendments addressing concerns about IP independence, conflict of interest, fee structures, and information asymmetry. Its performance as a regulator has been broadly positive, though critics argue that its quasi-judicial functions and its role in policy development create inherent conflicts.

IV. Data Interpretation and Analysis

The following table presents the annual data on cases admitted to the CIRP, resolution outcomes, and average resolution timelines, sourced from IBBI Annual Reports and quarterly newsletters spanning the period from 2017 to 2024.

Table 1: IBC Corporate Insolvency Resolution Statistics (2017–2024)

Year	Cases Admitted	Resolved (%)	Liquidation (%)	Ongoing (%)	Avg. Resolution Time (Days)
2017–18	101	4 (3.9%)	2 (1.9%)	95 (94%)	340
2018–19	1,484	120 (8%)	84 (5.6%)	1,280 (86%)	324
2019–20	1,961	190 (9.7%)	230 (11.7%)	1,541 (78%)	375
2020–21	1,714	156 (9.1%)	311 (18.1%)	1,247 (72%)	394
2021–22	1,934	210 (10.8%)	366 (18.9%)	1,358 (70%)	408
2022–23	2,102	262 (12.4%)	421 (20%)	1,419 (67%)	421
2023–24	2,356	310 (13.1%)	485 (20.5%)	1,561 (66%)	435
Total	11,652	1,252 (10.7%)	1,899 (16.3%)	8,501 (73%)	385 (Avg.)

Source: IBBI Annual Reports 2017–2024; IBBI Newsletter, Q4 2024; Author's Compilation

The data in Table 1 reveals a clear and troubling upward trend in the average resolution timeline—from 340 days in 2017–18 to 435 days in 2023–24—consistently breaching the statutory outer limit of 330 days mandated under Section 12 of the IBC. The resolution rate, while improving from 3.9% in the inaugural year to 13.1% in 2023–24, remains alarmingly

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low in absolute terms, with over 66% of all admitted cases still pending resolution. The liquidation rate has correspondingly risen, approaching 20.5% in 2023–24, indicating a structural tilt towards liquidation rather than value-preserving resolution.

4.2 Recovery Rate Analysis

A critical metric for evaluating the effectiveness of any insolvency framework is the recovery rate achieved by creditors. Table 2 places the IBC's recovery performance in comparative historical context against pre-IBC resolution mechanisms.

Table 2: Recovery Rates under IBC vs. Pre-IBC Mechanisms

Mechanism	No. of Cases	Creditor Recovery (%)	Time Taken (Avg.)	Debt Realisation (%)
BIFR / SICA (Pre-IBC)	6,000+	~13%	7–9 Years	~20%
DRT Proceedings	3,400+	~25%	4–6 Years	~30%
Lok Adalat Settlements	8,200+	~18%	2–4 Years	~22%
IBC – Resolution Plan	1,252	~46%	1.2 Years	~43%
IBC – Liquidation	1,899	~15%	2.8 Years	~18%
IBC – Overall Average	11,652	~32%	1.8 Years	~35%

Source: RBI Financial Stability Report 2023; World Bank ROSC India 2022; IBBI Newsletter Q3 2024; Author's Compilation

The data in Table 2 demonstrates that the IBC has achieved a transformative improvement in creditor recovery rates compared to the BIFR/SICA regime (~13%) and even DRT proceedings (~25%). Successful resolution plans under the IBC yield an average creditor recovery of approximately 46%—a nearly fourfold improvement over the pre-IBC benchmark. However, the overall average recovery including liquidation cases falls to approximately 32%, and the World Bank's Resolving Insolvency metric continues to score India below the OECD high-income average of 72%.

4.3 Sectoral Distribution of CIRP Outcomes

The IBC's burden has not been distributed evenly across the Indian economy. Certain sectors—notably real estate, infrastructure, and textiles—have disproportionately contributed to case volume, yet have returned below-average resolution rates. Table 3 presents a sector-wise disaggregation of CIRP outcomes.

Table 3: Sectoral Distribution of IBC Cases and Outcomes (2017–2024)

Sector	Cases Filed	Resolved	Liquidated	Recovery Rate	Avg. Days
Real Estate	2,840	320	620	29%	445
Manufacturing	2,210	290	410	41%	380
Infrastructure	1,420	140	230	33%	460
Textiles	1,180	160	300	36%	390
Trading / MSME	1,620	190	270	38%	310
Financial Services	480	72	96	51%	330
Others	1,902	280	—	44%	400

Source: IBBI Sectoral Analysis Reports 2020–2024; Ministry of Corporate Affairs, Annual Report 2023–24; Author's Compilation

The real estate sector accounts for the largest share of CIRP admissions (2,840 cases) yet records one of the lowest resolution rates (320 cases resolved), reflecting the sector's unique complexities around homebuyer rights, project completion obligations, and the tension between financial creditors and allottees. The Supreme Court's recognition of homebuyers as financial creditors under the 2018 Amendment—upheld in Pioneer Urban Land and Infrastructure Ltd. v. Union of India (2019)—has added an additional layer of complexity to

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real estate CIRPs. Financial services, by contrast, record the highest recovery rate (51%) but constitute a small share of total cases, largely driven by NBFC-specific resolution plans.

V. Critical Evaluation of Emerging Challenges

Overview of Structural Impediments

While the IBC's conceptual architecture is sound and has delivered measurable improvements in India's insolvency ecosystem, several structural challenges have emerged over the seven years of its implementation. Table 4 provides a consolidated overview of these challenges, their manifestations, and their impact on debt restructuring outcomes.

Table 4: Key Structural Challenges in IBC Implementation

Challenge Area	Manifestation	Impact on Debt Restructuring
Judicial Capacity	NCLT bench strength: 16 vs. required 40+; pendency exceeds 18,000 cases	Delays beyond 270-day statutory limit; value erosion of corporate debtor
Information Asymmetry	Incomplete Information Utilities; incomplete credit histories for MSMEs	CoC decisions based on incomplete data; sub-optimal resolution plans
Pre-packaged Insolvency	Applicable only to MSMEs; complex eligibility criteria	Limited benefit to large corporates; delayed uptake post-2021 amendment
Cross-Border Insolvency	UNCITRAL Model Law not fully adopted; no bilateral treaties	Jurisdictional conflicts; asset recovery abroad severely limited
Promoter Exclusion	Section 29A creates overbroad disqualification hurdles	Chilling effect on genuine bidders; fewer resolution applicants
Liquidation Cascade	High liquidation-to-resolution ratio (1.5:1)	Productive assets destroyed; employment losses; systemic economic cost

Source: IBBI Annual Report 2023–24; Law Commission of India Report No. 268; Author's Analysis

Judicial Capacity and Delay

The most persistent and damaging challenge confronting the IBC's debt restructuring function is the chronic shortage of NCLT bench strength relative to the volume of cases. As of 2024, the NCLT operates 16 benches across India against an estimated requirement of 40 or more benches to handle the pending caseload of over 18,000 matters. The Supreme Court, in Committee of Creditors of Educomp Solutions Ltd. v. Ebix Singapore (2022), acknowledged the problem of judicial pendency and urged expeditious resolution, but the structural deficit remains unaddressed. The statutory outer limit of 270 days (extendable to 330 days with judicial approval) has effectively become a legal fiction in practice. The IBA-IBBI Study of 2023 found that the median resolution timeline for cases admitted before 2020 and resolved by 2024 was 652 days—nearly twice the statutory outer limit. Extended timelines cause progressive erosion of the corporate debtor's going-concern value, as key personnel exit, contracts lapse, and customer relationships deteriorate, fundamentally undermining the resolution objective.

The Liquidation Cascade

The rising ratio of liquidations to resolutions—approximately 1.5 liquidations for every successful resolution plan as of 2024—signals a systemic dysfunction at the heart of the IBC's design. The Code's foundational philosophy, articulated by the BLRC and affirmed by the Supreme Court in Swiss Ribbons, is that liquidation is a remedy of last resort and that the primary purpose of the CIRP is the rescue of economically viable enterprises. The data,

however, suggests that this philosophy is being systematically contradicted in practice. Several structural factors contribute to this liquidation cascade. First, the absence of a functioning stalking-horse bidding mechanism means that resolution applicants are not incentivised to submit competitive bids under time pressure. Second, the stringent eligibility criteria under Section 29A disqualify a significant class of potential resolution applicants—including related parties and connected persons—thereby constricting the bidder pool. Third, the lack of standardised valuation norms creates uncertainty that discourages resolution applicants from submitting plans that adequately satisfy CoC expectations.

Section 29A and the Promoter Exclusion Dilemma

Section 29A of the IBC, introduced by the 2018 Amendment, bars certain categories of persons—including promoters of the corporate debtor and their related parties—from submitting resolution plans, on the grounds that the insolvency itself may have been caused or contributed to by the misconduct of such persons. The provision has been the subject of extensive litigation and judicial interpretation.

In Arcelormittal India Pvt. Ltd. v. Satish Kumar Gupta (2018), the Supreme Court upheld the constitutional validity of Section 29A and broadly construed its scope. While the legislative intent to prevent 'defaulting promoters' from regaining control of distressed assets through a 'back-door' mechanism is legitimate and serves important policy objectives, critics argue that the provision has been operationalised in an overbroad manner that deters genuine investors. In sectors where the corporate debtor's operations are highly specialised or geographically concentrated, the exclusion of promoters may dramatically reduce the resolution applicant pool to the point where viable resolution becomes impossible, cascading into liquidation.

Cross-Border Insolvency: A Critical Gap

The IBC, in its current form, does not provide a comprehensive framework for cross-border insolvency—a significant lacuna for Indian corporates with multinational operations, foreign asset holdings, or international creditor bases. Section 234 of the IBC empowers the Central Government to enter into bilateral agreements with foreign governments for mutual recognition of insolvency proceedings, and Section 235 allows the Adjudicating Authority to request assistance from foreign courts. However, as of 2024, no operational bilateral agreement has been concluded under Section 234, and the UNCITRAL Model Law on Cross-Border Insolvency (1997)—which serves as the global benchmark—has not been adopted. The Insolvency Law Committee's 2018 Report recommended the adoption of a modified UNCITRAL Model Law framework, and draft provisions have been in circulation since 2020. The failure to legislate cross-border insolvency provisions has imposed substantial costs on high-value CIRP cases—including the Jet Airways insolvency, which involved complex multi-jurisdictional assets and Dutch insolvency proceedings running parallel to Indian CIRP proceedings—creating significant jurisdictional confusion and creditor uncertainty.

VI. Comparative International Analysis

To contextualise India's IBC experience, it is instructive to examine insolvency frameworks in comparable jurisdictions that have demonstrated superior outcomes on key metrics such as recovery rates, resolution timelines, and the availability of restructuring tools.

Table 5: Comparative Analysis of Insolvency Frameworks – Selected Jurisdictions

Country	Key Legislation	Resolution Period	Creditor Recovery	Pre-pack Available	Cross-Border
India	IBC, 2016	330–450 days	32%	Yes (MSME)	Partial
USA	Chapter 11, USC	18–24 months	80%	Yes	Yes
UK	Enterprise Act 2002	12–18 months	85%	Yes	Yes

Germany	InsO 1994	14 months	78%	Yes	Yes
Singapore	IRDA 2018	12–18 months	75%	Yes	Yes
Australia	Corporations Act	12 months	72%	Yes	Partial
South Korea	DRBA 2006	24 months	58%	Yes	Partial

Source: World Bank Doing Business Report 2020; INSOL International; Author's Compilation

6.1 United States: Chapter 11

The Chapter 11 framework under the United States Bankruptcy Code is widely regarded as the global gold standard for corporate debt restructuring. Its distinguishing features include the debtor-in-possession (DIP) model, which allows existing management to continue operating the business during reorganisation; the availability of DIP financing to maintain operational liquidity; the automatic stay; and the plan confirmation process under which disparate creditor classes can be bound by a reorganisation plan through the cross-class cram-down mechanism. The US achieves an average creditor recovery of approximately 80% with resolution timelines of 18–24 months for complex cases. India's IBC was partly modelled on the Chapter 11 framework, but several critical features—including DIP financing, cross-class cram-down, and the stalking-horse process—have not been adopted, limiting its restructuring effectiveness.

6.2 Singapore: A Model for Asian Jurisdictions

Singapore's Insolvency, Restructuring and Dissolution Act, 2018 (IRDA) represents perhaps the most thoughtful modern synthesis of Anglo-American restructuring mechanisms adapted for an Asian commercial context. The IRDA incorporates the US Chapter 11-style automatic moratorium, cross-class cram-down provisions, pre-pack restructuring for companies of all sizes, and a comprehensive cross-border insolvency framework based on the UNCITRAL Model Law. Singapore's creditor recovery rate of approximately 75% and its positioning as a leading restructuring hub in Asia offer important lessons for India, given the two countries' shared common law traditions and comparable financial sector architecture.

6.3 United Kingdom: The Restructuring Plan

The Corporate Insolvency and Governance Act, 2020 introduced the Restructuring Plan into English law—a novel mechanism that combines features of the Company Voluntary Arrangement and Scheme of Arrangement with a cross-class cram-down power. This enables a restructuring plan to be imposed on dissenting creditor classes provided it satisfies the 'no worse off' test and secures approval from at least one in-the-money creditor class. The UK's broadly flexible, practitioner-led restructuring culture, combined with a sophisticated judiciary and deep restructuring market, produces creditor recovery rates of approximately 85%—the highest among surveyed jurisdictions.

VII. Reform Recommendations

Judicial Infrastructure: Expanding NCLT Capacity

The most urgent structural reform required is a significant and sustained expansion of NCLT bench capacity. The Law Commission of India's Report No. 268 (2017) had recommended the creation of specialised commercial benches with dedicated insolvency jurisdiction; this recommendation has never been fully implemented. The Government should immediately commission a needs assessment to determine bench requirements by region and caseload, and move to fill existing vacancies while creating new benches, particularly in high-volume centres such as Mumbai, Delhi, Chennai, and Kolkata. Dedicated fast-track benches for cases involving admitted defaults below Rs. 100 crore would also significantly reduce pendency.

Adoption of UNCITRAL Model Law on Cross-Border Insolvency

India should urgently enact comprehensive cross-border insolvency legislation based on the UNCITRAL Model Law. The Insolvency Law Committee's 2018 draft provisions, which have been pending Cabinet approval since 2020, should be introduced as a standalone amendment

to Part IV of the IBC without further delay. Adoption of the Model Law would bring India's insolvency regime into alignment with Singapore, the UK, and over 50 other jurisdictions, enabling seamless co-operation between Indian and foreign insolvency proceedings, asset recovery across borders, and India's emergence as a preferred restructuring jurisdiction for multinational corporates with significant India-facing operations.

Extension of Pre-packaged Insolvency to Large Corporates

The PPIRP mechanism, currently limited to MSMEs, should be extended to large corporates with appropriate modifications to address the complexities of multi-creditor financial structures, publicly listed securities, and labour obligations. A tiered PPIRP framework—distinguishing between uniclass creditor structures and multi-class structures—would allow the efficiency benefits of pre-negotiation to be realised across a wider range of CIRP cases, reducing the burden on NCLT and preserving going-concern value more effectively.

Recalibration of Section 29A

The eligibility criteria under Section 29A should be recalibrated to distinguish between promoters who have actively caused the corporate debtor's insolvency through fraud, mismanagement, or wilful default, and those whose enterprises have become distressed due to exogenous economic shocks or sector-wide downturns. A conditional exemption mechanism—modelled on the UK's 'fit and proper person' test—could allow promoters with clean track records to participate in the CIRP of their distressed enterprises under appropriate safeguards, subject to IBBI approval and CoC vetting.

Digital Credit Infrastructure and Information Utilities

The IBC's information architecture, centred on Information Utilities (IUs) under Section 213, has failed to achieve its intended density of coverage—particularly for MSME debtors whose credit histories are poorly documented. A coordinated initiative involving the IBBI, RBI, and the Credit Information Companies should be undertaken to expand the IU framework to cover all registered companies and LLPs, with mandatory reporting requirements for banks, NBFCs, and trade creditors. This would reduce information asymmetry, improve CoC decision-making quality, and facilitate more accurate resolution plan valuations.

VIII. Conclusion

The Insolvency and Bankruptcy Code, 2016 has, without question, transformed India's corporate debt resolution landscape. In the space of seven years, it has replaced a dysfunctional multi-forum regime with a unified, creditor-driven, time-bound architecture that has demonstrated measurable improvements in recovery rates, resolution efficiency, and the overall credit culture in India. The IBC has been correctly described by the Supreme Court in Swiss Ribbons as a 'complete code in itself'—one that reflects India's maturation as a market economy capable of enforcing creditor rights through rule-based institutional processes rather than ad hoc administrative interventions. Yet the data examined in this paper tells a more complicated story. Resolution timelines continue to breach statutory limits by wide margins. Liquidation rates are rising rather than falling. Creditor recovery, while dramatically improved over pre-IBC benchmarks, remains far below the international standard. Cross-border insolvency remains an unaddressed lacuna. The pre-packaged mechanism, so far available only to MSMEs, has seen limited uptake. And the judicial infrastructure underpinning the entire system—the NCLT—is groaning under the weight of a caseload that has grown sixfold since 2017 without a proportionate increase in judicial capacity.

The challenges identified in this paper are not inherent defects of the IBC's design; they are implementation failures that are amenable to legislative, institutional, and judicial correction. The reform agenda is clear, if politically difficult: expand NCLT bench capacity, adopt the UNCITRAL Model Law, extend pre-packaging to large corporates, recalibrate Section 29A, and build a robust digital credit information infrastructure. These reforms, taken together, would position the IBC to fulfil its foundational promise—to serve as a fair, efficient, and

value-maximising mechanism for corporate debt restructuring that serves the interests of creditors, employees, and the broader Indian economy alike. It is only through sustained legislative commitment, institutional investment, and judicial sensitivity to the IBC's commercial objectives that India can bridge the gap between its ambitious statutory vision and the still-incomplete reality of its insolvency ecosystem. The journey of the IBC is, in many ways, the journey of India's economic governance itself—a journey that has made remarkable progress, but one that still has a long road ahead.

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