

## Delay in Solving Bankruptcy Cases is Hurting Banks: Icra

Rating firm estimates a loss of ₹4,000 crore in just the first dozen high-profile cases

**Our Bureau**

**Mumbai:** Banks are losing thousands of crores of rupees due to delays in the settlement of bankruptcy cases and rating company Icra estimated lenders lost ₹4,000 crore in the dozen high profile cases referred in the first phase. The number of cases has since risen 13% to 816 from 723.

"The number of corporate debtors admitted by the NCLT but are yet to be resolved through the corporate insolvency resolution process (CIRP) is growing steadily each quarter," said Abhishek Daffra, co-head, Corporate Ratings, Icra.

Out of the list of a dozen defaulting loan accounts identified by the Reserve Bank of India in June 2017, only four cases have been re-



solved so far. The rest remain unresolved though more than 450 days have passed since being admitted by the NCLT, the dedicated bankruptcy court.

A case under Insolvency and Bankruptcy Code (IBC) should normally not exceed 270 days as stipulated by the bankruptcy law.

Icra said to complete the resolution process within timelines set for completion, the unclogging of NCLTs should be a matter of priority. The number of NCLT benches has been eleven since the IBC was introduced, whereas the number of cases being referred to

the NCLT has been leapfrogging.

"The judicial strength, thus, has to be increased in a manner proportionate to the increase in the number of applications being filed to the NCLT under IBC," the rating company said.

The IBC aims to introduce liquidation as a last resort for resolution while the proportion of corporate debtors entering into liquidation remains high.

As on September 30, 2018, 212 cases has been resolved through liquidation compared to only 52 cases where a resolution plan was approved, the Icra data showed.