Watching India's insolvency reforms: a new dataset of insolvency cases

Sreyan Chatterjee
Gausia Shaikh
Bhargavi Zaveri

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Why create a dataset?

Bankruptcy policy cannot be firmly rooted in reality until empirical evidence about bankruptcy is gathered widely and routinely. - Sullivan et al (*The Use of Empirical Data in Formulating Bankruptcy Policy*)

The insolvency dataset

- Hand-collected data;
- Study of the final orders passed by the NCLT;
- Sample period: December 01, 2016 to May 15, 2017
- 23 fields - binary values, numerical values, qualitative categories

Objective

1. Observe the economic impact of the IBC;
2. Observe the role of the judiciary

Economic impact of the law

1. Does the law improve balance between rights of creditors and the debtor?
2. Does the law empower various types of creditors when the firm defaults?
3. Does the law empower only large sized debt holders?

The role of the judiciary

1. Do the NCLT cases reflect a geographical spread of the insolvency cases?
2. Does the NCLT function within the timelines set in law?
3. Is the role played by the NCLT as visualised within the IBC?

Part I - Economic impact of the law

Who uses the IBC?

No. of petitions filed by creditors	83
No. filed by operational creditors	62
No. filed by financial creditors	21
No. of petitions filed by debtors	26
No. of unknown applicants	1
Total	110

Table : Who uses the IBC?

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Table : Who uses the IBC?

Employees	5
Vendors	43
Others	6
Not known	8
Total	62

Table : Cases filed by operational creditors

Outcomes of petitions filed by different applicants

Applicant	No. of cases		
	filed	admitted	dismissed
Creditors			
Operational	62	26	36
Financial	21	12	9
Debtors	26	23	3

Table : Outcomes for petitions filed by different applicants

Size of debt

	(All values in Rs. except for number of observations)		
Size of debt reported	Corporate debtors	Operational creditors	Financial creditors
Minimum	9,211,106	109,516	3,069,000
Median	435,747,000	3,373,191	172,037,926
Maximum	25,800,700,000	1,319,000,000	8,565,257,199
No. of observations	24	54	16

Table : Size of debt in the insolvency cases at NCLT

Part II - Role of the judiciary

Disposed cases

	Final orders	
	passed	studied
NCLT	110	110
NCLAT	10	10
Total	120	120

Table : IBC cases disposed during the sample period

Orders across benches

	Bench	Number of final orders
1.	New Delhi	32
2.	Ahmedabad	9
3.	Allahabad	5
4.	Bangalore	4
5.	Chandigarh	11
6.	Chennai	1
7.	Hyderabad	3
8.	Kolkata	4
9.	Mumbai	41
	Total	110

Table : Final orders passed by the NCLT across benches

Duration of cases

Stages	Number of cases	Average time (in days)
T0 to T1	12	18
T1 to T2	52	16
T0 to T2	24	24

Table : Average time taken for disposal of petitions

T0: Date of filing
T1: Date of first hearing
T2: Date of final disposal

Admission/dismissal rates

Cases admitted	61
Cases dismissed	49
Total	110

Table : Total number of cases admitted and dismissed

Bench-wise admission/dismissal rates

| | Final orders passed | | |
Bench	Total number	Admitted	Dismissed
Ahmedabad	9	4	5
Allahabad	5	3	2
Bangalore	4	3	1
Chandigarh	11	8	3
Chennai	1	1	0
Hyderabad	3	0	3
Kolkata	4	2	2
Mumbai	41	31	10
New Delhi	32	9	23

Table : Admission and dismissal of petitions across benches

Grounds for dismissal

Ground of dismissal	No. of petitions dismissed
Existing dispute	8
Applicant was not a creditor as defined in the IBC	7
Settled out of court	5
Debt recovery barred by limitation	3
Incomplete application	2
Operational creditor failed to issue statutory demand notice prior to filing the petition	2
Others	22
Total	49

Table : Grounds of dismissal of petitions

Thank you.
Find the dataset at
https://ifrogs.org/releases/Chatterjeeetal2017_nclt.html