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THE WORLDONOMICS TIMES

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Empowering Global Economic Insight: Introducing The Worldonomics Times

In an era where the tapestry of global finance and economics interweaves with the complex dynamics of markets worldwide, there emerges a beacon of insight, The Worldonomics Times. Announced by the International Navodaya Chamber of Commerce (INCOC) on 26-03-2024, this forthcoming monthly magazine is poised to be an indispensable resource for anyone keen on understanding the pulsating heartbeat of the global economy.

Scheduled to release its premiere issue on May 5th, 2024, The Worldonomics Times aims to fill a crucial gap in the landscape of financial journalism. With a commitment to providing in-depth coverage of global finance and economics trends, news, and analysis, this publication is tailored for business leaders, policymakers, and the intellectually curious who strive for a deeper understanding of the world's economic currents.

Global Perspective with Local Relevance

At its core, The Worldonomics Times will offer a global perspective that bridges diverse markets and economies. This isn't just about tracing the flow of capital across continents; it's about understanding how these financial streams affect businesses and policies on a local level. Sandeep Kumar, the founder of the International Navodaya Chamber of Commerce and Editor-in-Chief of the magazine, emphasizes the platform's role in exploring emerging trends and the forces sculpting world markets.

In-Depth, Data-Driven Journalism

What sets The Worldonomics Times apart is its commitment to investigative journalism that digs beneath the surface. This magazine will go beyond the headlines to uncover the underlying stories that drive financial shifts, offering clarity in an ever-complex world. Coupled with expert opinions, interviews, and thought leadership from noted economists and financial specialists, readers are promised a comprehensive outlook on the global economic scene.

Moreover, with a focus on data-driven insights, the magazine will utilize visualizations and infographics to demystify complex economic trends and statistics, making the information accessible and digestible to its readership.

Accessibility and Empowerment

Understanding the importance of adaptability in today's fast-paced world, The Worldonomics Times will be accessible in both print and digital formats. This dual availability ensures that readers can engage with the content in a manner that best suits their lifestyles, whether at home, in the office, or on the move.

"We are committed to delivering accurate, unbiased, and high-quality journalism focused on the world of finance and economics," Kumar states. "Our goal is to empower readers with the knowledge they need to make informed decisions in an increasingly dynamic global landscape."

As we anticipate the release of The Worldonomics Times' premiere issue, it’s clear that this magazine is on a mission to enlighten and inform. Through its rigorous analysis, expert commentary, and commitment to excellence in journalism, The Worldonomics Times is set to become a guiding light for anyone looking to navigate the intricate world of global finance and economics.

Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times

INSOLVENCY AND BANKRUPTCY CODE, 2016 AND ITS IMPACT ON INDIAN ECONOMY

INTRODUCTION:

In 2016, India embarked on a significant endeavor to rejuvenate its economy through the introduction of the Insolvency and Bankruptcy Code (IBC). This landmark legislation aimed to streamline the resolution of insolvency and bankruptcy issues, fostering an environment conducive to business growth and economic stability. Since its inception, the IBC has become a pivotal tool in India's economic framework, providing a sturdy structure for creditors and debtors while boosting investor confidence and promoting financial discipline.

Before the implementation of the IBC, matters pertaining to Insolvency and Bankruptcy were governed by multiple laws, leading to a fragmented approach. Various statutes, including the Sick Industrial Companies (Special Provisions) Act, 1985; the Recovery of Debt Due to Banks and Financial Institutions Act, 1993; the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and the Companies Act, 2013, regulated these issues. Additionally, different bodies such as the Board of Industrial and Financial Reconstruction (BIFR), Debt Recovery Tribunal (DRT), and their respective Appellate Tribunals were tasked with handling such cases. Furthermore, the liquidation of companies fell under the jurisdiction of the High Courts. Individual bankruptcy and insolvency matters were governed by the Presidency Towns Insolvency Act, 1909, and the Provincial Insolvency Act, 1920, with the courts responsible for their resolution. This decentralized system resulted in a cumbersome and inefficient process.

STREAMLINING INSOLVENCY PROCEEDINGS:

The Insolvency and Bankruptcy Code (IBC) was primarily designed to expedite the resolution of distressed assets, minimizing the delays and uncertainties inherent in insolvency proceedings. The previous framework for insolvency and bankruptcy was slow, inadequate, and inefficient, resulting in considerable delays in resolving financial distress. Without comprehensive legislation, companies often remained in distress for extended periods, causing substantial losses to creditors, stalling economic activity, and allowing assets to deteriorate without maintenance.

The IBC introduced a consolidated and time-bound process for Insolvency Resolution, offering a clear path forward for all involved parties. Additionally, the aim of the Insolvency and Bankruptcy Code, 2016, was to consolidate and update laws governing the reorganization and resolution of insolvency across corporate entities, partnership firms, and individuals, all within predefined time-frames, with the objective of maximizing asset value. The establishment of the Insolvency and Bankruptcy Board of India (IBBI) brought expertise and efficiency to insolvency proceedings, while the National Company Law Tribunal (NCLT) functioned as the Adjudicating Authority, ensuring fairness and transparency in resolution processes. Moreover, the IBBI, as the regulatory body, oversees the implementation of the IBC. The appointment of a dedicated individual, known as a "Resolution Professional," ensures that the resolution process is conducted in an organized manner.

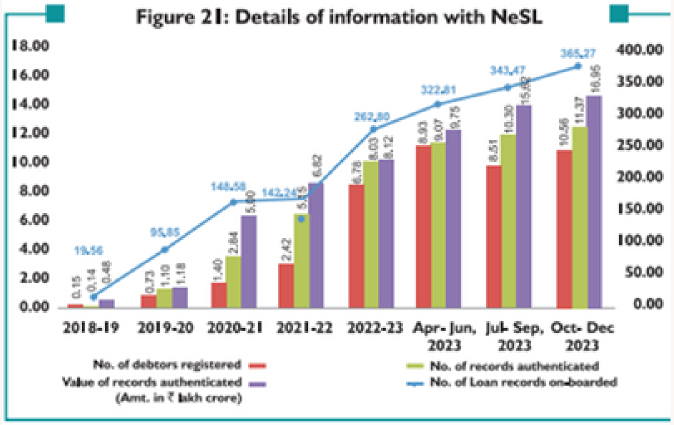
STATUS OF NON PERFORMING ASSTES (NPAS):

The Government of India's Ministry of Finance, through a Press Information Bureau release dated July 24, 2023, highlighted that extensive actions have been implemented by both the government and the Reserve Bank of India (RBI) to address and diminish non-performing assets (NPAs), including those linked to corporate entities. These efforts have resulted in a cumulative recovery of Rs. 10,16,617 crore (as per provisional data from the RBI for the fiscal year 2022-23) by Scheduled Commercial Banks (SCBs) over the past nine financial years. The measures undertaken encompass various strategies, including but not limited to:

i. "Change in credit culture has been effected, with the Insolvency and Bankruptcy Code, 2016 (IBC) fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners, and debarring wilful defaulters from the resolution process. To make the process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC."

As at the end December, 2023, NeSL has issued about 1,19,440 RoDs under corporate segment to support the Insolvency and Bankruptcy Code, 2016. Figure below provides details of the registered users and information with NeSL, as submitted by it.

Figure 21: Details of information with NeSL



UNLOCKING VALUE FROM DISTRESSED ASSETS:

One of the primary focuses of the IBC is on revitalizing viable businesses rather than resorting to liquidation. Through facilitating the sale of insolvent businesses as ongoing concerns or restructuring their operations, the code aims to safeguard enterprise value and minimize value erosion for creditors. Utilizing mechanisms like corporate insolvency resolution plans (CIRPs) and liquidation proceedings, the IBC enables the effective redistribution of resources, enabling viable businesses to flourish while ensuring equitable treatment for creditors.

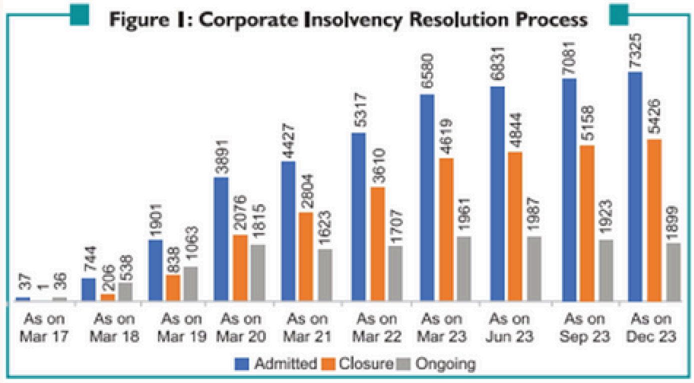
The introduction of the corporate insolvency resolution process (CIRP) is aimed at striking a balance among the interests of all stakeholders and creditors. Under this process, a Resolution Professional assumes control of the distressed company's affairs under the supervision of the committee of creditors. They invite Prospective Resolution Applicants for the Corporate Debtor to craft a Resolution Plan, seek approval from the Creditors' Committee, and present it to the Adjudicating Authority for endorsement in accordance with the IBC. Importantly, individuals responsible for placing the Corporate Debtor in insolvency are barred from becoming resolution applicants if they are disqualified under section 29A of the IBC. The IBC places emphasis on maximizing asset value and encourages involvement from potential investors and buyers through a transparent bidding process. This has resulted in heightened interest from both domestic and international investors, who perceive opportunities in acquiring and revitalizing financially distressed companies. Through the revival of viable businesses, the IBC has preserved employment opportunities, safeguarded creditors' interests, and injected fresh capital into the economy.

As per the Quarterly Newsletter of the Insolvency and bankruptcy board of India October-December 2023, the details of CIRP cases admitted and closed as at the December 2023 are given in the below tables and figures:

Table 1: Details of CIRP cases as on December 31, 2023

CIRP cases	Number
Admitted	7325
Withdrawn under section 12A	1035
Closed on appeal or review or settled	1124
Resolution plans approved	891
Liquidation orders passed	2376
Ongoing CIRP cases	1899

Figure 1: Corporate Insolvency Resolution Process

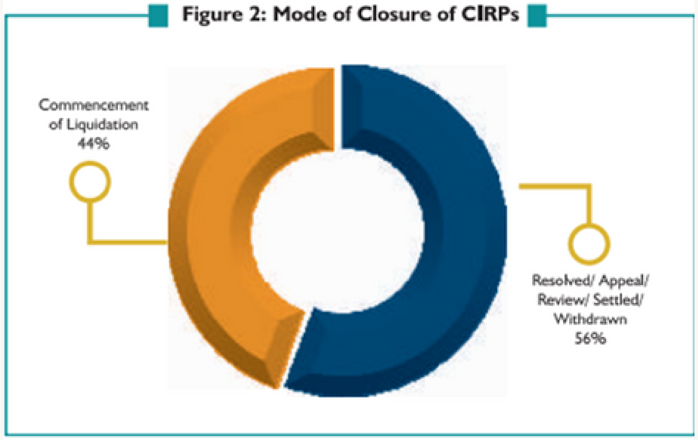


Note: These CIRPs are in respect of 7032 CDs.

This excludes 1 CD which has moved directly from Board for Industrial and Financial Reconstruction (BIFR) to resolution.

Source: Compilation from website of the NCLT and filing by IPs.

Figure 2: Mode of Closure of CIRPs



Furthermore, for those cases that did result in liquidation, it provided a meaningful resolution instead of being mired in ongoing litigation or stuck without a clear path forward. Additionally, numerous companies have been acquired as going concerns during the liquidation process, even if a revival plan wasn't achieved during the CIRP. Previously, businesses faced demise due to cumbersome and time-consuming processes. However, with the introduction of the Insolvency and Bankruptcy Code, 2016 the efficient and swift procedures have encouraged prominent corporate entities and investors to step in as resolution applicants, aiming to revive distressed companies.

CHALLENGES:

While the Insolvency and Bankruptcy Code, 2016 (IBC), represents a significant advancement for India's insolvency framework, it does encounter certain challenges that require attention to ensure its ongoing effectiveness and efficiency. One notable challenge is the increasing workload faced by the Adjudicating Authority for corporate insolvency cases under the IBC.

Another aspect of the resolution process is its perceived bias towards financial creditors over operational creditors. The National Company Law Appellate Tribunal has suggested that the government and the IBBI should explore providing some minimum entitlement to operational creditors, based on the amount realized in the resolution plan above the liquidation value.

HOW IBC 2016 HAS IMPACTED INDIAN ECONOMY:

- The IBC has significantly expedited the resolution of distressed assets by providing a consolidated and time-bound process for insolvency resolution. This has minimized delays and uncertainties, thereby preventing substantial losses to creditors and reviving economic activity.

- By fundamentally altering the creditor-borrower relationship, the IBC has instilled a culture of credit discipline, promoting responsible borrowing and lending practices. The code's stringent measures, such as taking control away from defaulting promoters and debarring wilful defaulters, have strengthened creditor rights and mitigated financial risks.

- The transparent and efficient insolvency framework provided by the IBC has bolstered investor confidence, both domestic and international. As a result, India has witnessed increased inflows of foreign investment, driving economic growth, fostering innovation, and creating employment opportunities.

- One of the primary objectives of the IBC is to maximize the value of distressed assets through mechanisms such as corporate insolvency resolution plans (CIRPs) and liquidation proceedings. By facilitating the sale or restructuring of insolvent businesses, the code preserves enterprise value and minimizes value erosion for creditors.

- Through the revival of viable businesses, the IBC has preserved employment opportunities, safeguarded creditors' interests, and injected fresh capital into the economy. This has contributed to overall economic stability and growth.

- By providing a robust legal framework for resolving insolvency issues, the IBC has encouraged entrepreneurship and risk-taking. Entrepreneurs are now more confident in pursuing business ventures, knowing that there are effective mechanisms in place to address financial distress if it arises.

CONCLUSION:

In the short span since its introduction, the Insolvency and Bankruptcy Code 2016 has emerged as a cornerstone of India's economic rejuvenation endeavors. Through its streamlined insolvency processes, promotion of credit discipline, attraction of foreign investment, unlocking of value from distressed assets, and improvement of the business environment, the IBC has significantly contributed to enhancing the resilience and competitiveness of the Indian economy. As India confronts the challenges of a rapidly changing global landscape, the IBC underscores the nation's dedication to fostering a strong and dynamic business ecosystem.

The IBC has been transformative for India's economic terrain, fostering an environment conducive to entrepreneurship, strengthening creditor rights, and promoting a culture of accountability and effective governance. Notably, the legislation has not only facilitated the resolution of distressed assets but has also stimulated investments, revitalized businesses, and injected liquidity into the economy. With ongoing reforms and persistent efforts to fortify the insolvency framework, the IBC is poised to remain a driving force behind India's economic expansion, unlocking its vast economic potential.

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