A Decade of India’s Insolvency Clean-Up: Creditors Recovered ₹4.32 Lakh Crore, But Haircuts Remain Enormous

Ten years after India introduced the Insolvency and Bankruptcy Code, bank balance sheets are dramatically cleaner. But IBBI data shows that creditors have recovered only about 31 paise for every ₹1 of admitted claims in companies successfully resolved through the system.

India’s bad-loan story over the past decade contains two apparently contradictory truths.

The first is the widely celebrated one: the banking system is considerably healthier than it was during the peak of India’s corporate debt crisis. Gross non-performing assets have fallen sharply, provisioning has improved, and many of the huge infrastructure, steel and power-sector exposures that once clogged bank balance sheets have been resolved or removed.

The second becomes visible when the actual insolvency-resolution numbers are examined.

Since the Insolvency and Bankruptcy Code was enacted in 2016, creditors have routinely accepted substantial reductions in what they were owed in order to resolve distressed companies. By March 2026, the cumulative admitted claims in companies for which resolution plans had been approved had reached approximately **₹14.14 lakh crore**, while the amount realisable by creditors stood at about **₹4.32 lakh crore**.

That is a cumulative recovery of only:

30.56 paise per ₹1 of admitted claims

or an implied haircut of roughly:

69.44%.

The figures come from successive reports and quarterly newsletters published by the Insolvency and Bankruptcy Board of India. (IBBI)

The Top Five Large Resolutions of the IBC Era

Measured by admitted creditor claims, five cases stand out among the biggest companies resolved over the past decade.

Corporate debtor	Admitted claims	Realisable amount	Recovery	Haircut
DHFL	₹87,247.68 cr	₹37,167 cr	**42.60%**	**57.40**

Corporate debtor	Admitted claims	Realisable amount	Recovery	Haircut %
Jaiprakash Associates	₹60,636.82 cr	₹14,084.20 cr	**23.23%**	**76.77%**
Bhushan Steel	₹56,022 cr	₹35,571 cr	**63.50%**	**36.50%**
Essar Steel India	₹49,473 cr	₹41,018 cr	**82.91%**	**17.09%**
Bhushan Power & Steel	₹47,158 cr	₹19,350 cr	**41.03%**	**58.97%**

Amounts above refer to the claims and realisations reported by IBBI for the relevant resolutions. DHFL was resolved under the special insolvency framework for financial service providers. (IBBI)

Those five companies alone account for roughly **₹3 lakh crore of admitted creditor claims.**

Yet their outcomes varied enormously.

1. DHFL: ₹87,248 Crore Claimed, ₹37,167 Crore Realised

Dewan Housing Finance Corporation Limited, or DHFL, became the first financial service provider to undergo insolvency resolution under the special framework introduced for such entities.

IBBI records financial-creditor claims of:

₹87,247.68 crore

against a realisation of:

₹37,167 crore.

That represents a recovery rate of:

42.60%

or roughly **43 paise for every ₹1 claimed.**

The implied reduction against admitted claims was therefore approximately **57.4%.**

Piramal Capital & Housing Finance emerged as the resolution applicant. IBBI also notes that the resolution value represented about **138% of DHFL's estimated liquidation value**, demonstrating the recurring distinction between recovery against debt and recovery against what the distressed company was worth by the time resolution occurred. (IBBI)

2. Jaiprakash Associates: Only 23 Paise Recovered

Jaiprakash Associates represents one of the newest mega-resolutions.

Its admitted claims were approximately:

₹60,636.82 crore

while creditors' realisable amount was:

₹14,084.20 crore.

Recovery:

23.23%

Haircut:

76.77%.

For every ₹100 in admitted claims, creditors recovered roughly **₹23** through the approved resolution amount.

This case alone had a significant impact on the March 2026 quarterly recovery statistics because of the sheer scale of the debt involved.

3. Bhushan Steel: One of IBC's Stronger Recoveries

Bhushan Steel stands out as one of the more successful major cases.

Financial creditors had admitted claims of approximately:

₹56,022 crore

and realised:

₹35,571 crore.

That represents:

63.5% recovery

or approximately **64 paise on the rupee**.

The haircut against claims was consequently around **36.5%**.

IBBI noted early in the IBC's history that Bhushan Steel's recovery substantially exceeded liquidation value. Bamnipal Steel, a Tata Steel subsidiary, was the successful resolution applicant. (IBBI)

4. Essar Steel: The Benchmark Mega-Resolution

Essar Steel remains perhaps the strongest high-value example of the IBC process.

IBBI records admitted financial-creditor claims of approximately:

₹49,473 crore

against realisation of:

₹41,018 crore.

Recovery:

82.91%

Haircut:

17.09%.

That means creditors recovered approximately **83 paise per ₹1 claimed**, far above the IBC-wide average.

The amount realised was more than **2.6 times the company's estimated liquidation value**. ArcelorMittal acquired the company through the resolution process. (IBBI)

The Essar Steel result is important because it demonstrates what IBC can deliver when a fundamentally valuable business reaches the process with meaningful operating assets and competing bidders.

5. Bhushan Power & Steel: 41 Paise on the Rupee

Bhushan Power & Steel had admitted financial-creditor claims of:

₹47,158 crore.

Creditors realised approximately:

₹19,350 crore.

Recovery:

41.03%

Haircut:

58.97%.

The resolution, led by JSW, generated more than twice the company's liquidation value despite recovering only about 41% of creditor claims. (IBBI)

That apparent contradiction illustrates the central issue running through the entire IBC debate.

How Recovery Changed Through the Decade

The evolution of the insolvency system is best understood through cumulative snapshots rather than treating each year as a completely independent loan-recovery cohort.

IBC only became operational during 2016–17, and the early years involved relatively few completed cases.

By March 2019, IBBI reported that financial creditors were recovering approximately **43% of their admitted claims** in resolved cases. (IBBI)

By June 2020, **250 corporate insolvency processes had resulted in resolution**, with creditors recovering approximately **₹1.94 lakh crore against ₹4.97 lakh crore owed** — approximately **39%.** (IBBI)

By March 2022, the number of approved resolution plans had risen to **480.** Total admitted claims in those cases stood at:

₹7.61 lakh crore

while total realisable value stood at:

₹2.34 lakh crore.

Recovery:

30.77%.

IBBI's annual report also shows that cases resolved specifically during FY2021-22 performed even worse: ₹47,030 crore was realisable against ₹2.09 lakh crore in admitted claims, giving a recovery of only **22.47%.**

By March 2024, approved resolutions had almost doubled again to **947 cases.**

Cumulative admitted claims had climbed to:

₹10.46 lakh crore

and cumulative realisable amount to:

₹3.36 lakh crore.

Recovery stood at:

32.10%.

The 269 cases resolved during FY2023-24 alone generated ₹47,653 crore against ₹1.74 lakh crore of admitted claims — only **27.34%.** (IBBI)

By March 2026, the total had reached approximately:

₹14.14 lakh crore claimed

versus:

₹4.32 lakh crore realisable.

Recovery:

30.56%.

The overall trend therefore looks roughly like this:

Period	Approx. cumulative recovery against claims
2017–18	Early-stage; too few cases for meaningful comparison
Mar 2019	**~43% for financial creditors**
Jun 2020	**~39%**
Mar 2022	**30.77%**
Mar 2023	**31.82%**
Mar 2024	**32.10%**
Mar 2025	**~32.8%**
Mar 2026	**30.56%**

The striking conclusion is that as IBC matured and increasingly difficult legacy cases entered the dataset, the cumulative recovery rate **did not improve toward 50%, 60% or 70%**.

It settled around **30–33%**. IBBI's annual reports for 2022-23, 2023-24 and 2024-25 report cumulative recovery figures in roughly this range. (IBBI)

The ₹1 Question

Expressed simply, the decade looks like this:

Early IBC cases:

₹1 owed → roughly 40–45 paise recovered

Mature IBC system:

₹1 owed → roughly 30–33 paise recovered

Latest quarter:

₹1 owed → only about 23 paise recovered

But this does not mean IBC itself destroyed 70% of the money.

That interpretation would overlook what happened to these companies **before** they entered insolvency.

IBBI’s Defense: Compare Recovery With What Was Left

IBBI repeatedly argues that measuring recovery solely against admitted claims can be misleading.

The reason is stark.

By March 2022, the 480 companies successfully resolved had admitted claims of approximately **₹7.61 lakh crore**, but their combined liquidation value was only **₹1.31 lakh crore**.

IBC nevertheless produced approximately:

₹2.34 lakh crore.

That was:

178% of liquidation value. (IBBI)

The same pattern persisted.

By March 2024, companies successfully resolved had approximately **₹10.46 lakh crore of claims** but liquidation value of only **₹2.08 lakh crore**.

Creditors realised:

₹3.36 lakh crore

or:

162% of liquidation value. (IBBI)

And by March 2026, the cumulative realisation of approximately ₹4.32 lakh crore remained substantially above the estimated liquidation value of the companies concerned.

So IBBI’s argument is essentially:

> Banks may have originally been owed ₹100, but by the time insolvency began the business might have been worth only ₹18–20. If IBC recovered ₹31, the insolvency process actually produced substantially more than liquidation would have.

That is a legitimate argument.

But it raises a different and perhaps more important question.

Where Did the Other ₹70 Go?

If creditors had claims of ₹14.14 lakh crore but the distressed companies were worth only a fraction of that amount when resolution occurred, then much of the economic loss happened **before the resolution professional arrived.**

Possible reasons include prolonged operating losses, overleveraging, failed infrastructure projects, inflated project costs, poor lending decisions, diversion of funds, litigation, obsolete plants, collapsing commodity cycles and years of delay before meaningful restructuring.

This is where the Indian banking and insolvency debate needs to shift.

The crucial question is no longer merely:

> **Did IBC recover enough money?**

It is also:

> **Why did lenders wait until a ₹100 exposure had deteriorated into an asset worth ₹20 before an effective resolution process began?**

RBI's Famous "Dirty Dozen"

This problem was especially visible in the 12 large corporate accounts that RBI directed banks to send to insolvency early in the IBC era.

Together, those companies accounted for approximately:

₹3.45 lakh crore in claims

against liquidation value of only:

₹73,220 crore.

Several eventually produced very substantial haircuts.

IBBI's March 2022 report showed the following outcomes among the resolved cases: (IBBI)

Company	Claims	Realisation	Recovery
Essar Steel	₹49,473 cr	₹41,018 cr	**82.91%**
Bhushan Steel	₹56,022 cr	₹35,571 cr	**63.50%**
Jyoti Structures	₹7,365 cr	₹3,691 cr	**50.12%**
Bhushan Power & Steel	₹47,158 cr	₹19,350 cr	**41.03%**

Company	Claims	Realisation	Recovery
Electrosteel Steels	₹13,175 cr	₹5,320 cr	**40.38%**
Monnet Ispat	₹11,015 cr	₹2,892 cr	**26.26%**
Amtek Auto	₹12,641 cr	₹2,615 cr	**20.68%**
Alok Industries	₹29,523 cr	₹5,052 cr	**17.11%**

Even within this relatively small group, creditors' recoveries ranged from **83 paise to just 17 paise on the rupee**.

The Bigger Problem: Delay

The original IBC framework envisioned resolution within roughly **180–270 days**.

Reality has been very different.

For the 480 resolutions completed by March 2022, the average time taken was already approximately:

528 days. (IBBI)

By March 2024, the average for completed resolutions had risen to:

679 days.

And the 269 companies resolved specifically during FY2023-24 took an average:

849 days. (IBBI)

This matters because time destroys enterprise value.

Factories deteriorate. Customers leave. Employees move. Working capital disappears. Litigation accumulates. Suppliers stop extending credit.

A company capable of producing a 70% recovery if addressed immediately after default may generate only 20% after being distressed for four or five years.

That may be the single most important lesson from the first decade of IBC.

So Has India’s NPA Clean-Up Been a Success?

On one metric, unquestionably.

The banking system today is dramatically healthier than the one India had in 2016–18.

But falling NPAs should not be interpreted to mean that banks recovered most of the money lent during the previous credit cycle.

The IBC numbers show otherwise.

Across successfully resolved companies:

₹14.14 lakh crore was claimed.

₹4.32 lakh crore was realisable.

₹9.82 lakh crore was not recovered through those resolution-plan amounts.

That last figure should not simply be described as money "lost": admitted claims include interest and other amounts, some creditors may receive equity or other consideration, guarantor recoveries can occur separately, and additional recoveries can arise from avoidance proceedings and other enforcement actions.

But it does demonstrate something important.

The fall in India's NPA ratio and the recovery of the underlying loans are not the same thing.

A loan can leave the NPA book because it has been recovered.

It can also leave because it was written off, sold, settled, or resolved at a large haircut.

Those outcomes have very different implications for bank shareholders and, particularly in the case of public-sector banks, ultimately for taxpayers.

The Decade in One Number

If one statistic summarizes the first decade of India's Insolvency and Bankruptcy Code, it may be this:

₹1 of admitted claims → about 31 paise recovered through approved resolution plans.

Some marquee cases such as Essar Steel delivered more than 80 paise.

Others delivered 60 paise.

Many delivered 20–40 paise.

And some produced only a few paise on the rupee.

India has succeeded in moving an enormous stock of bad corporate debt through the financial system and restoring health to bank balance sheets.

The unfinished question is whether the next decade can prevent companies from deteriorating so severely **before** insolvency that creditors are forced to accept 70%, 80% or even 95% haircuts.

The real measure of the next phase of India's banking reform may therefore not be how quickly NPAs disappear from bank balance sheets.

It may be **how much of every rupee lent can actually be recovered when a borrower fails.**

Source: Insolvency and Bankruptcy Board of India annual reports and quarterly newsletters, 2017–18 through January–March 2026. Because IBC became operational only in late 2016, "10 years" here refers to the entire IBC era rather than ten complete years of mature resolution data.

https://ibbi.gov.in/publication

short term report
India’s NPA Numbers Look Strong — But IBBI Data Shows Creditors Taking Massive Haircuts
Creditors recovered barely 23 paise on the rupee in the latest quarter, while some major insolvency cases delivered recoveries as low as 2–4%.

India’s banking system appears to have decisively turned the corner on its bad-loan crisis. Gross non-performing assets have fallen to historic lows, bank balance sheets are healthier, and the era when double-digit NPA ratios threatened the stability of the financial system appears to be firmly in the past.

But the latest data from the Insolvency and Bankruptcy Board of India (IBBI) tells another side of the story.

The IBBI’s two most recent quarterly newsletters — covering **October–December 2025 and January–March 2026** — show that while bad loans are disappearing from bank balance sheets, creditors are often recovering only a fraction of what they were owed when companies go through the Insolvency and Bankruptcy Code (IBC).

The latest January–March 2026 quarter is particularly striking.

Creditors had **₹77,565 crore in admitted claims** in cases resolved during the quarter but stood to realise only **₹17,659 crore — just 22.77% of their claims**.

Put simply, creditors recovered about **23 paise for every ₹1 claimed**, representing a haircut of more than **77%.**

Five Big Cases Tell the Story

Looking across the resolutions reported in the two latest IBBI newsletters, five of the largest debtors by admitted claims illustrate just how wide the gap can be between money owed and money ultimately recovered.

Corporate debtor	Admitted claims	Realisable amount	Recovery
Jaiprakash Associates Ltd	₹60,636.82 cr	₹14,084.20 cr	**23.23%**
Sinnar Thermal Power Ltd	₹16,735.00 cr	₹3,800.00 cr	**22.71%**
Reliance Innoventures Pvt Ltd	₹4,215.35 cr	₹173.23 cr	**4.11%**
NCR Rail Infrastructure Ltd	₹2,736.66 cr	₹461.74 cr	**16.87%**
Rajesh Construction Company Pvt Ltd	₹2,656.09 cr	₹60.97 cr	**2.30%**

Source: IBBI Quarterly Newsletters, October–December 2025 and January–March 2026. Amounts are admitted claims and total realisable amounts reported by IBBI.

The numbers are extraordinary.

Jaiprakash Associates: ₹60,637 crore claims, ₹14,084 crore recovery

The largest case by a considerable margin is **Jaiprakash Associates Limited**.

Creditors had admitted claims of **₹60,636.82 crore.** The approved resolution provides a realisable amount of **₹14,084.20 crore**.

That amounts to a recovery of:

23.23 paise for every ₹1 claimed.

The corresponding haircut against admitted claims is **76.77%.**

Yet there is another way to look at the same transaction.

IBBI reports a liquidation value of only **₹15,799 crore** and fair value of **₹19,234 crore** for the company. The resolution therefore recovers about **89% of liquidation value** and 73% of fair value.

That distinction lies at the heart of the debate over IBC recoveries.

Sinnar Thermal Power: 23 paise on the rupee

Sinnar Thermal Power Limited, reported in the October–December newsletter, had admitted claims of approximately **₹16,735 crore**.

Creditors' realisable amount was **₹3,800 crore**, or just **22.71% of admitted claims**.

That translates into a haircut of roughly **77.3%.**

Again, however, the resolution exceeded the company's estimated liquidation value. IBBI reported liquidation value of ₹2,967 crore and fair value of ₹4,523 crore, making the ₹3,800 crore resolution approximately **128% of liquidation value** and 84% of fair value.

Reliance Innoventures: just 4 paise recovered

The numbers become considerably more dramatic with Reliance Innoventures Private Limited.

The company had:

₹4,215.35 crore in admitted claims.

Creditors' realisable amount:

₹173.23 crore.

Recovery:

4.11%.

In other words, for every ₹100 claimed, creditors stand to recover only about **₹4.11**, implying a haircut approaching **96%.**

Yet its estimated liquidation value was only ₹73.20 crore. The ₹173.23 crore resolution is therefore more than twice what liquidation was estimated to produce.

NCR Rail Infrastructure: ₹2,737 crore becomes ₹462 crore

NCR Rail Infrastructure Limited had admitted claims of **₹2,736.66 crore.**

The resolution produced a realisable amount of **₹461.74 crore**, giving creditors a recovery of **16.87%.**

That represents a haircut of approximately **83.1% against admitted claims.**

But once again the resolution comfortably exceeded the estimated liquidation value of ₹150.66 crore.

Rajesh Construction: barely 2 paise on the rupee

Perhaps the most startling percentage among the five is Rajesh Construction Company Private Limited.

Its admitted claims stood at:

₹2,656.09 crore.

The amount creditors could realise:

₹60.97 crore.

Recovery:

2.30%.

That means approximately **97.7% of the admitted claims were not recovered through the resolution amount —** creditors received just **₹2.30 for every ₹100 claimed.**

The company's liquidation value, however, was only ₹45.30 crore. The ₹60.97 crore resolution therefore still delivered about 135% of liquidation value.

The Bigger Number: ₹14.14 Lakh Crore in Claims

The individual cases are dramatic, but the cumulative IBC numbers are even more revealing.

As of March 31, 2026, companies that had received approved resolution plans had accumulated approximately:

₹14.14 lakh crore in admitted creditor claims.

Creditors' realisation under the resolution plans stood at approximately:

₹4.32 lakh crore.

That represents an overall recovery of:

30.56% of admitted claims

or approximately:

31 paise for every ₹1 claimed.

The implied haircut relative to admitted claims is therefore around **69%.**

Three months earlier, at the end of December 2025, creditors had realised about **₹4.11 lakh crore against ₹12.996 lakh crore of claims**, equivalent to **31.63%.**

The recovery percentage therefore slipped further during the March quarter.

But Does a 69% Haircut Mean IBC Has Failed?

Not necessarily.

This is where the numbers require careful interpretation.

By the time many of these businesses enter insolvency proceedings, their economic value has already collapsed.

The ₹14.14 lakh crore of cumulative admitted claims should therefore be compared with another important IBBI number: the companies concerned had an estimated **liquidation value of only ₹2.59 lakh crore** when they entered CIRP.

Yet creditors have realised ₹4.32 lakh crore.

That means IBC resolutions have generated approximately:

167% of liquidation value.

They have also recovered about **94.6% of the estimated fair value** of the businesses for cases where fair value was available.

IBBI consequently makes an important distinction.

Viewed against debt owed, creditors have suffered an enormous haircut.

Viewed against what the distressed businesses were actually worth when they reached insolvency, the recovery looks substantially better.

Both statements can be true simultaneously.

The Question May Be What Happened Before IBC

This leads to a potentially more important policy question.

If companies owing creditors ₹14.14 lakh crore were worth only around ₹3.89 lakh crore on a fair-value basis by the time they entered or progressed through insolvency, **where and when was the value destroyed?**

That question cannot be answered merely by looking at today's low NPA ratio.

Loans may disappear from bank NPA books because they are repaid or successfully recovered. But they can also disappear through write-offs, settlements, sales to asset reconstruction companies and IBC resolutions involving substantial haircuts.

India's declining NPA ratio therefore demonstrates that bank balance sheets have been cleaned up. It does **not**, by itself, demonstrate that banks recovered most of the money originally lent to failed borrowers.

There is another qualification. IBBI notes that its reported realisations do not necessarily capture all potential future value, including equity received by creditors, recoveries from corporate and personal guarantees, capital subsequently infused by resolution applicants and proceeds from avoidance proceedings.

Clean Banks, But at What Cost?

India deserves considerable credit for cleaning up a banking system that less than a decade ago was struggling under a mountain of stressed corporate loans. The IBC has also created a mechanism through which failing businesses can be transferred to new owners rather than remaining indefinitely trapped in the banking system.

But the latest IBBI numbers provide an important counterweight to celebrating the fall in NPAs without qualification.

The headline numbers are difficult to ignore:

₹14.14 lakh crore claimed.

₹4.32 lakh crore realised under resolution plans.

Approximately 31 paise recovered on every ₹1 of admitted claims.

And in some major individual cases, creditors have recovered **4 paise — or even just 2 paise — on the rupee.**

The debate over India's NPA clean-up should therefore move beyond simply asking **"How low are NPAs today?"**

The more consequential questions are:

How much of the original lending was actually recovered? How much was written off or sacrificed? Why did some borrowers lose so much value before resolution began? And who ultimately absorbed those losses?

Those answers will determine whether India's dramatic NPA decline represents not just a successful clean-up of bank balance sheets, but a successful recovery of the capital that was put at risk in the first place.

Source: Insolvency and Bankruptcy Board of India, Quarterly Newsletters for October–December 2025 and January–March 2026. IBBI's publication archive confirms these are its two latest quarterly newsletters.