

# 'Don't let judicial delays fail IBC'

Clear pending resolution plans at once: SC to NCLT, NCLAT

KRISHNADAS RAJAGOPAL  
NEW DELHI

The Supreme Court on Monday held that judicial delay should not be a reason leading to the failure of the Insolvency and Bankruptcy Code (IBC) regime like the way it did in the days before the Code came into existence.

"We urge the National Company Law Tribunal (NCLT) and the National Company Appellate Law Tribunal (NCLAT) to be sensitive to the effect of such delays on the insolvency resolution process and be cognisant that adjournments hamper the efficacy of the judicial process," a Bench of Justices D.Y. Chandrachud and M.R. Shah appealed.

The judgment is significant as NCLT and NCLAT are



among the key tribunals struggling with a burgeoning backlog only matched by their increasing vacancies. The NCLT and the NCLAT should endeavour to strictly adhere to the timelines stipulated under the IBC, it said.

"Judicial delay was one of the major reasons for the failure of the insolvency regime that was in effect prior to the IBC. We cannot let the present insolvency regime meet the same fate," Justice Chandrachud observed.

The Bench observed that

'long delays' in approving resolution plans under the IBC by the NCLT affect their implementation.

"These delays, if systemic and frequent, will have an undeniable impact on the commercial assessment that the parties undertake during the course of the negotiation," the Bench highlighted.

The court drew attention to a report filed by the Ministry of Corporate Affairs' Standing Committee on Finance on the implementation of IBC.

The report had noted that a delay in the resolution process with more than 71% cases pending for over 180 days was in deviation of the original objective and timeline for corporate insolvency resolution process envisaged by the IBC.