

FROM DEFAULT TO RESOLUTION: A COMPARATIVE ANALYSIS OF BANKRUPTCY PROCEDURES IN INDIA AND RUSSIA

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Abstract—This article presents an in-depth comparative analysis of bankruptcy procedures in India and Russia, two major emerging markets with developing insolvency regimes. It explores the legal frameworks, procedural steps, and institutional roles involved in insolvency resolution within both countries. The study focuses on key areas such as the initiation of bankruptcy cases, moratorium rules, the function of insolvency professionals, and the interaction between creditors and debtors. Particular emphasis is placed on the efficiency of resolution processes, adherence to timelines, and the practical challenges of enforcement and asset recovery. By examining recent legal reforms and judicial decisions, the article aims to shed light on how each country strives to balance creditor rights with debtor rehabilitation. This comparative approach identifies effective practices and lessons that could inform future reforms in insolvency law, ultimately supporting financial stability and effective debt resolution.

Keywords: Insolvency and Bankruptcy Code 2016, Insolvency and Bankruptcy Board of India (IBBI), Federal Law No. 127-FZ “On Insolvency (Bankruptcy)”, Arbitrazh, National Company Law Tribunal (NCLT), UNCITRAL Model Law.

INTRODUCTION

A transparent and efficient insolvency framework is vital for fostering investor confidence and ensuring economic stability. It must balance the interests of diverse creditor groups, protect stakeholders' rights, and offer debtors a fair chance to restructure and continue operations. In emerging economies like India and Russia, insolvency reforms mirror broader institutional and economic modernization efforts. Both countries aim to ensure timely resolution, safeguard creditor rights, and preserve business value, yet their approaches diverge significantly in legal design and implementation.¹ India introduced the Insolvency and Bankruptcy Code (IBC) in 2016, consolidating fragmented laws into a single comprehensive framework.² The IBC's core mechanism, the Corporate Insolvency Resolution Process (CIRP), emphasizes time-bound resolution and creditor-driven decision-making, with the National Company Law Tribunal (NCLT) serving as the adjudicating authority. Conversely, Russia's insolvency regime, based on Federal Law No. 127-FZ “On Insolvency (Bankruptcy)” of 2002, reflects civil law principles and has undergone multiple amendments to enhance efficiency.³ The insolvency mechanism is still heavily reliant on court intervention, granting “Arbitrazh Courts” (Commercial Courts) considerable decision-making power alongside rigorous administrative regulation. This structure often

¹Svetlana Kirillova & Rakesh Mehta, *Insolvency and Economic Reform in India & Russia*, 45–46 (Routledge 2021).

²See, IBC No. 31, Acts of Parliament, 2016. The IBC was enacted to consolidate and amend laws relating to reorganization and insolvency resolution of corporate persons, partnership firms, and individuals in a time-bound manner for maximization of value of assets, to promote entrepreneurship, and to balance the interests of all stakeholders. It repealed or subsumed earlier statutes such as the Sick Industrial Companies (Special Provisions) Act, 1985; the Recovery of Debts Due to Banks and Financial Institutions Act, 1993; and certain provisions of the Companies Act, 1956, thereby creating a unified legal framework for insolvency and bankruptcy in India.

³See, *Federal Law No. 127-FZ*, provides the primary legal framework governing insolvency and bankruptcy in the Russian Federation. It establishes procedures for initiating insolvency cases, defines the rights and obligations of debtors and creditors, and prescribes stages of bankruptcy such as supervision, financial recovery, external administration, and liquidation. The law has been amended multiple times, notably in 2008, 2014, and 2020, to address systemic inefficiencies, introduce simplified bankruptcy procedures for individuals, and enhance creditor protection mechanisms. Rooted in Russia's civil law tradition, the statute grants significant authority to arbitrazh courts, resulting in a highly judicialized process with extensive administrative oversight.

results in prolonged proceedings and inconsistent outcomes, limiting predictability and recovery rates. Thus, while India pursues a creditor-centric, market-oriented model, Russia retains a more state-supervised, court-driven system, highlighting distinct trajectories in addressing insolvency challenges.

This paper aims to examine how insolvency procedures in India and Russia differ from the point of default to final resolution and what these differences indicate about the efficiency of their legal and institutional frameworks in managing corporate insolvency. Through a comparative analysis, it will assess key procedural aspects of both systems to identify best practices and uncover structural gaps. The goal is to provide insights that can inform future reforms in both jurisdictions.

1. RESEARCH METHODOLOGY

This paper adopts a doctrinal research methodology, focusing on the systematic analysis of legal principles and frameworks governing insolvency and bankruptcy in India and Russia. The study relies primarily on primary legal sources, including statutes, regulations, guidelines, and rules enacted by the competent legislative and regulatory authorities of both jurisdictions.

In addition, the research incorporates judicial decisions rendered by relevant courts and tribunals in India and Russia to interpret and understand the practical application of insolvency laws. To support and enrich the legal analysis, secondary sources such as scholarly articles, academic journals, commentaries, and expert opinions have also been consulted.

This method allows for a comprehensive understanding of the existing legal structures and facilitates a comparative evaluation of the effectiveness, strengths, and shortcomings of the insolvency regimes in both countries.

2. PROCEDURE FOR BANKRUPTCY

The IBC provides a structured approach to resolving financial issues within a set timeframe, emphasizing the maximization of assets, safeguarding creditor interests, encouraging entrepreneurship, and ensuring access to credit. For corporate debtors, the main procedure is the CIRP, as outlined in Part II of the IBC. According to Sections 7-10, insolvency proceedings can be initiated by a financial creditor, an operational creditor, or the corporate debtor themselves.

In Russia, the process of bankruptcy starts with a petition filed by a debtor or creditor to the arbitrazh courts.⁴ The court then initiates a supervisory procedure, during which a temporary manager is appointed to evaluate the financial condition of the debtor. If insolvency is confirmed, the case may advance through financial rehabilitation, external administration, or liquidation. Each phase aims to either restore the debtor's solvency or to equitably distribute assets among the creditors. The procedures are governed by Federal Law No. 127-FZ, which outlines the priority of creditors and their protections.⁵

1. Filing & admission

Under the IBC, once an application for initiation of corporate insolvency is filed, the adjudicating authority, namely the NCLT, is required to admit or reject the application within fourteen days of its receipt. Upon admission, the NCLT initiates the CIRP by declaring a moratorium on legal proceedings, issuing a public notice inviting claims from creditors, and appointing an IRP to take control of the debtor's operations and manage the insolvency proceedings.⁶

In Russia a bankruptcy proceedings initiate by filing a petition with the arbitration court at its registered location, or creditors holding claims of at least RUB 300,000 that are overdue by three months, or authorized state bodies such as the Federal Tax Service.⁷ The petition must include the

⁴See, Federal Law No. 127-FZ, art. 33, July 26, 2002, as amended, translated in ConsultantPlus, available at https://www.consultant.ru/document/cons_doc_LAW_37815 (last visited June 12, 2025); (providing that cases on insolvency (bankruptcy) fall within the competence of arbitrazh courts and may be initiated by debtors or creditors through a written application).

⁵ William E. Pomeranz, *Russian Bankruptcy Law: Problems and Reforms* 87 (Kluwer Law Int'l 2005).

⁶ Ashish Makhija, *Insolvency and Bankruptcy Code of India* 132-134 (LexisNexis 2018).

⁷ Oda, *supra* note 13 at 205.

debtor's identification, creditor list, claim amounts supported by court or arbitration awards, evidence of nonpayment beyond ninety days, and documentation of the company's financial position.⁸ Upon filing, if formal deficiencies are minor such as missing documents or unpaid fees the court returns the petition; but if substantive grounds are lacking, it rejects the petition outright.⁹ If the petition satisfies statutory requirements, the court schedules a hearing and, upon finding insolvency, opens proceedings by appointing a temporary trustee and imposing a moratorium on creditor actions.¹⁰

2. Moratorium

The moratorium acts as an essential protective tool during the CIRP under the IBC. It instantly suspends all legal actions, recovery efforts, and asset transfers by creditors aimed at the debtor, effectively establishing a legal barrier that protects the debtor's assets from being fragmented or dissipated.¹¹ This statutory moratorium guarantees that the debtor's business activities can proceed without interruption, maintaining the enterprise's status as an ongoing concern, which is crucial for optimizing asset value and enabling an effective resolution strategy. The moratorium is in effect for the entire duration of the CIRP unless it is lifted earlier by the adjudicating authority, ensuring a stable and predictable environment for the resolution professional to oversee the insolvency process without creditor interference.¹²

In Russia, the moratorium period is a temporary halt on creditor actions that offers financial relief to the debtor while a restructuring or rehabilitation plan is being developed.¹³ Generally, the moratorium is effective for up to six months, during which creditors are restricted from starting or continuing enforcement actions against the debtor.¹⁴ This allows the debtor to reorganize its financial framework without the immediate stress of debt collection. The moratorium may be prolonged if there is a plausible chance for recovery.¹⁵ It is applicable only when a debtor has submitted a bankruptcy petition and aims to facilitate business recovery while avoiding rushed liquidation. However, if the restructuring efforts are unsuccessful, the bankruptcy process may shift towards liquidation, which could result in the possible dissolution of the debtor entity.¹⁶

⁸Wim A. Timmermans, *Russian Bankruptcy Law in Practice*, in *Private & Civil Law in the Russian Federation* 145 (2009), Nijhoff.

⁹Michael Cuthbert et al., *Bankruptcy Proceedings in the Russian Federation*, in *Russian Business Law: Current Issues* 296 (Torsten Syrbe ed., Clifford Chance 2009).

¹⁰ Id. at 300.

¹¹See, IBC, Sec 14, No. 31 of 2016.

¹² Amit Jain, *Insolvency & Bankruptcy Code Explained* 87 (Taxmann Publications 2023).

¹³The moratorium period is initiated once the court accepts the application for bankruptcy proceedings and introduces either supervision (наблюдение) or financial rehabilitation (финансовое оздоровление). During this time, creditors are barred from enforcing claims, initiating foreclosure, or pursuing litigation to collect debts. This legal stay is intended to give the debtor a breathing space to stabilize operations and negotiate with creditors for a sustainable restructuring or debt repayment plan. See Federal Law No. 127-FZ, arts. 63–65, 75–76. The duration and scope of the moratorium depend on the specific bankruptcy stage and may vary accordingly.

¹⁴The moratorium generally takes effect during the supervision stage which is the first formal stage after the acceptance of a bankruptcy petition by the arbitrazh court. This stage typically lasts for up to six months, as prescribed under Article 62(2) of the Federal Law No. 127-FZ. During this period, creditors are legally barred from initiating or continuing enforcement actions against the debtor's property, including court proceedings, execution of court decisions, or foreclosure on pledged assets. The purpose of this moratorium is to assess the debtor's financial condition, preserve assets, and enable the possibility of rehabilitation or settlement with creditors. See Federal Law No. 127-FZ, arts. 62–63.

¹⁵ Russian arbitrazh courts have the discretion to extend the moratorium period beyond the initial term, typically six months, particularly during the financial rehabilitation or external administration (внешнее управление) stages. Such an extension is permitted when the court, based on the analysis of the debtor's financial condition and the proposed recovery measures, determines that there exists a realistic prospect of restoring the debtor's solvency. This may include evidence of potential investment, restructuring of liabilities, or improved operational performance. The extension aims to maximize the chances of successful reorganization while continuing to protect the debtor from enforcement actions. See Federal Law No. 127-FZ, arts. 76–80, 92.

¹⁶The restructuring efforts whether through financial rehabilitation or external administration do not succeed in restoring the debtor's solvency, the arbitrazh court may order the commencement of receivership or liquidation proceedings (конкурсное производство). This stage is intended to satisfy creditor claims through the sale of the

3. Constitution of committee & RP appointment

Once the NCLT admits an application under Section 7, 9, or 10 of the IBC, the CIRP is initiated, and an Interim Resolution Professional (IRP) is appointed.¹⁷ The IRP takes control of the management and collects claims from creditors. Within thirty days of appointment, the IRP must constitute the COC, comprising all financial creditors of the corporate debtor.¹⁸ If any financial creditor is related to the corporate debtor or falls under exceptions provided under the IBC, such creditors do not have voting rights in the COC.¹⁹ Subsequently, the first meeting of the COC is convened, where the appointment of the RP is confirmed or replaced by another insolvency professional, subject to the approval of at least 66% of the voting share of the COC.²⁰ The RP, once appointed, takes over from the IRP and continues the CIRP, including formulating and evaluating resolution plans.²¹ The entire process is monitored by the NCLT, ensuring adherence to timelines and due process under the IBC.

In Russia, the formation of the creditors' committee and the appointment of the RP are essential components of the insolvency procedure. The creditors' committee is made up of the largest creditors, usually those who possess at least 10% of the overall debt, and is responsible for representing their interests.²² The committee's responsibilities include supervising the actions of the RP and endorsing significant decisions, such as plans for liquidation. The RP, who is designated by the court, is in charge of managing the debtor's assets and guiding the bankruptcy process while ensuring adherence to legal requirements.²³ The qualifications of the RP are strictly regulated, with oversight from both the court and the creditors' committee to prevent conflicts of interest. This framework guarantees that the bankruptcy process is conducted transparently, equitably, and effectively in line with the Russian Bankruptcy Law.

4. Resolution plan process

Upon admission of a corporate insolvency application by the NCLT under the IBC, the RP is appointed and is required to issue a public invitation for the submission of resolution plans within 180 days, which can be extended once for an additional 90 days.²⁴ The RP carefully examines each plan for adherence

debtor's assets. The appointed insolvency administrator (external or bankruptcy trustee) assumes control over the debtor's property, manages the claims process, and distributes proceeds to creditors according to the statutory order of priority. Ultimately, if the debtor's obligations cannot be satisfied in full, the legal entity may be dissolved and removed from the corporate register.

¹⁷See, IBC No. 31 of 2016, §§ 7, 9, 10, 16, 21, 22, Gazette of India, Part II, Sec. 1 (28 May 2016).

¹⁸See *ArcelorMittal India Pvt. Ltd. v. Satish Kumar Gupta*, (2019) 2 SCC 1.

¹⁹See, IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, Reg. 17-18, 27.

²⁰See, NCLT Rules, 2016, Rule 4, Gazette of India, Part II, Sec. 3(i).

²¹See *Swiss Ribbons Pvt. Ltd. v. Union of India*, (2019) 4 SCC 17.

²²See Federal Law No. 127-FZ, arts. 12-14, 20, 64, 101 the formation of the creditors' committee (комитет кредиторов) is a key institutional mechanism within Russian insolvency proceedings. It is established by decision of the first meeting of creditors, which is convened during the supervision stage or shortly thereafter. The committee is generally composed of the largest unsecured creditors, often those whose claims exceed 10% of the total recognized debt, although the law does not impose a strict numerical threshold. The committee exercises oversight over the insolvency practitioner referred to as the temporary or external manager (временный управляющий or внешний управляющий) and plays an advisory and supervisory role in the proceedings. Its responsibilities include approving major transactions, selecting the insolvency practitioner, and making recommendations on the future course of the proceedings, including rehabilitation or liquidation.

²³ See, Federal Law No. 127-FZ the creditors' committee plays a key supervisory role by overseeing the actions of the insolvency practitioner—referred to as the arbitration manager (арбитражный управляющий), which includes the temporary, administrative, external, or bankruptcy manager depending on the stage of proceedings. The committee must approve significant decisions such as the sale of major assets, debt restructuring plans, and liquidation proposals. While the court formally appoints the insolvency practitioner, their candidacy is typically proposed by the creditors' meeting or committee. Once appointed, the RP is responsible for managing the debtor's property, representing the debtor in legal matters, maintaining creditor registers, and directing the overall bankruptcy procedure in accordance with Russian law. The RP must act independently and ensure transparency, fairness, and legality throughout the process.

²⁴ Sections 12 and 25 of the IBC, upon the admission of a CIRP by the NCLT, the appointed RP is tasked with managing the affairs of the corporate debtor and inviting resolution plans. The CIRP must be completed within 180

to requirements and submits the qualified proposals to the COC. The COC assesses the resolution plans, and a plan is considered accepted only if it receives the backing of at least 66% of the voting share from financial creditors.²⁵ This process ensures that both the timeline and necessary creditor approval criteria are fulfilled before a plan proceeds for final review by the NCLT.

Under Federal Law No. 127-FZ, when a debtor is declared bankrupt, a resolution plan outlining strategies for financial restructuring must be prepared,²⁶ approved by the creditors' committee, and confirmed by the court.²⁷ The plan may include measures such as extending payment deadlines, reducing debt, or other forms of reorganization. A court-appointed resolution practitioner oversees its implementation, ensuring legal compliance and protecting creditors' interests.²⁸ If the resolution plan is rejected or fails to be realized, the process will move towards liquidation, during which the debtor's assets are liquidated to meet creditors' claims.²⁹

5. Approval & implementation

Once the COC approves a resolution plan by the required majority, the plan is submitted to the NCLT for its approval. Once the NCLT approves a resolution plan under the IBC, it becomes binding on the corporate debtor, its creditors, and all other stakeholders, thereby concluding the resolution process and ensuring legal certainty.³⁰ This binding nature prevents any challenge or dispute post-approval,

days from the insolvency commencement date, although this period may be extended once by a further 90 days with the approval of the COC and the NCLT, making the maximum possible duration 270 days. The RP is required to issue a public invitation (Form G) for the submission of resolution plans from prospective resolution applicants in accordance with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. This step ensures transparency and competitive bidding for revival of the debtor. See IBC No. 31 of 2016, §§ 12, 25(2)(h), Gazette of India, Extraordinary, Part II, sec. 1; IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, Regulation. 36A.

²⁵Section 30(4) of the IBC, after the RP receives and verifies the resolution plans submitted by eligible applicants, the COC is empowered to evaluate these plans based on their feasibility, viability, and compliance with the statutory requirements laid down under the Code. The COC may approve a resolution plan only by a vote of not less than 66% of the voting share of the financial creditors. The voting share is determined in proportion to the financial debt owed. This supermajority threshold ensures that any approved plan reflects a broad consensus among the key stakeholders. Once approved by the COC the plan is submitted to the NCLT for final approval and, upon confirmation, becomes binding on the debtor, all creditors, and other stakeholders.

²⁶See, *Federal Law No. 127-FZ*, ch. VI, arts. 106–109. Under these provisions, during the stage of external administration, the appointed external administrator is required to prepare and submit an external administration plan within one month of assuming duties. This plan must outline measures for restoring the debtor's solvency, including asset sales, business restructuring, or other financial adjustments. The plan is subject to approval by the creditors' meeting and confirmation by the arbitrazh court. If the plan is not approved within the statutory period, or if its implementation fails, the proceedings may transition to liquidation under ch. VII of the Law.

²⁷See, *Federal Law No. 127-FZ*, ch. VI, arts. 106–109. Under these provisions, during the external administration stage, the appointed administrator prepares an external administration plan outlining specific measures to restore the debtor's solvency. This plan must be presented to the creditors' meeting for approval, requiring a majority vote of creditor claims, and then submitted to the arbitrazh court for confirmation. Failure to obtain creditor approval or court confirmation within statutory time limits results in termination of external administration and transition to liquidation under ch. VII.

²⁸See, *Federal Law No. 127-FZ*, ch. VI, arts. 106–110. During the external administration phase, the arbitrazh court appoints an external administrator who assumes the powers of the debtor's management. The administrator is responsible for implementing the approved external administration plan, monitoring compliance with statutory requirements, and safeguarding the rights of creditors. The administrator acts under the supervision of the creditors' meeting and is accountable to the arbitrazh court.

²⁹See, *Federal Law No. 127-FZ*, ch. VII, arts. 124–126. Under these provisions, failure to approve or successfully execute an external administration plan triggers the commencement of competitive (liquidation) proceedings. Upon entry of the arbitrazh court's decision declaring the debtor bankrupt, liquidation procedures are initiated, which involve the appointment of a bankruptcy trustee (competitive manager) who assumes control of the debtor's property. The trustee is responsible for selling the debtor's assets and distributing proceeds according to the statutory priority order established under arts. 134–138.

³⁰See, *IBC No. 31 of 2016*, the approval of a resolution plan by the Adjudicating Authority (NCLT) gives it a binding effect on the corporate debtor, its employees, members, financial and operational creditors (including dissenting creditors), guarantors, and other stakeholders. The Supreme Court in *Committee of Creditors of Essar Steel India*

facilitating smooth implementation. The successful execution of the approved resolution plan is essential for the revival of the company as a going concern, ensuring value maximization and protecting the interests of all parties involved.³¹

In Russia, when a debtor is declared insolvent, the court appoints a RP to manage the process.³² The RP prepares a bankruptcy plan, which must be approved by the creditors' committee and confirmed by the court.³³ This plan may involve debt restructuring or liquidation. If approved, the RP implements the plan under court supervision; if rejected, the case proceeds to liquidation, where assets are sold and proceeds distributed according to statutory priorities.³⁴

6. Liquidation

If the COC does not approve a resolution plan within 180 days (which can be extended to a maximum of 330 days), the NCLT may direct liquidation.³⁵ During liquidation, the assets of the debtor are sold, and the proceeds are allocated according to the statutory sequence: first to cover insolvency costs, followed by secured creditors, employee claims, unsecured creditors, government dues, and any leftover amounts to shareholders.³⁶ This process ensures an orderly wind-up and equitable treatment of creditors.

In Russia, liquidation begins when a debtor is declared insolvent by the court under Article 113 of the

Ltd. v. Satish Kumar Gupta, (2020) 8 SCC 531, emphasized that once approved, the plan has statutory force and is enforceable against all stakeholders. See also *K. Sashidhar v. Indian Overseas Bank*, (2019) 12 SCC 150 (recognizing the limited scope of judicial review and upholding the commercial wisdom of the Committee of Creditors).

³¹ P. Ram Kumar, *The Insolvency and Bankruptcy Code: Principles and Procedures* 150–152 (Eastern Book Company 2021).

³² See, *Federal Law No. 127-FZ*, ch. VI, arts. 106–110. The Russian insolvency framework requires the arbitrazh court to appoint an insolvency practitioner, commonly referred to as an arbitration manager, to administer the proceedings upon acceptance of the bankruptcy petition and especially when the debtor is declared bankrupt. This practitioner may serve in various roles, including temporary manager, administrative manager, external administrator, or competitive (liquidation) manager, depending on the stage of the process. The RP is responsible for preserving the debtor's property, preparing and executing a restructuring or liquidation plan, and ensuring compliance with statutory requirements under the supervision of both the creditors' meeting and the court.

³³ See, *Federal Law No. 127-FZ*, ch. VI, arts. 106–109. During the external administration stage, the court-appointed insolvency practitioner (external administrator) drafts an external administration plan aimed at restoring the debtor's solvency. This plan must detail measures such as asset restructuring, sale of non-core assets, or reorganization of business operations. It is first submitted for approval to the creditors' meeting, which votes based on the proportion of claims. Upon obtaining creditor approval, the plan is then submitted to the arbitrazh court for confirmation. If the plan is rejected by the creditors or the court, or if it fails during implementation, the case transitions to competitive (liquidation) proceedings.

³⁴ Irina Mikhailova, *Russian Bankruptcy and Restructuring Law* 142 (Oxford University Press, 2021).

³⁵ See, *IBC No. 31 of 2016*, § 12(3), 33(1) (India). Section 12 stipulates that the CIRP must be completed within 180 days from the date of admission, with a possible extension of 90 days by the Adjudicating Authority upon showing sufficient cause; subsequent amendments introduced an outer limit of 330 days, inclusive of any extensions and time taken for litigation. Section 33 provides that if no resolution plan is approved within this period, the Adjudicating Authority shall order liquidation of the corporate debtor. See *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta*, (2020) 8 SCC 531 (holding that adherence to timelines under Section 12 is mandatory to ensure the Code's objective of time-bound resolution); see also *ArcelorMittal India (P) Ltd. v. Satish Kumar Gupta*, (2019) 2 SCC 1 (emphasizing that undue delays defeat the purpose of the IBC).

³⁶ See *IBC No. 31 of 2016*, § 53, (providing the order of priority, or "waterfall mechanism," for the distribution of liquidation proceeds). The section specifies that the proceeds from the sale of liquidation assets shall be distributed in the following order: (a) insolvency resolution process costs and liquidation costs in full; (b) secured creditors who have relinquished their security interest and workmen's dues for the preceding twenty-four months on a pari passu basis; (c) wages and unpaid dues owed to employees other than workmen for the preceding twelve months; (d) financial debts owed to unsecured creditors; (e) dues to the central and state governments for the preceding two years and debts owed to secured creditors for any remaining amount unpaid after enforcing security interest; (f) remaining debts and dues; (g) preference shareholders, if any; and (h) equity shareholders or partners. This structured priority ensures an equitable distribution of the debtor's estate while balancing the interests of various stakeholders.

Bankruptcy Law. An insolvency practitioner appointed to take control of the debtor's assets, liquidates them, and distributes proceeds among creditors. The court can declare bankruptcy after considering the debtor's financial state and the failure to meet obligations.³⁷ The process seeks to protect creditor interests and ensure fair, transparent liquidation, concluding with the formal termination of the debtor's business activities.³⁸

7. Time-bound mechanism

IBC introduced a strict timeline for insolvency resolution, requiring completion of the CIRP within 180 days, extendable by 90 days with NCLT approval³⁹ and generally capped at 330 days. In *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta*, the Supreme Court held that while the 330-day limit is mandatory, exceptions exist for delays beyond parties' control, such as judicial delays, to prevent undue liquidation of viable companies.⁴⁰ This ensures both timely resolution and flexibility in complex cases.

The Russian Bankruptcy Law mandates strict timelines to ensure efficient insolvency resolution. Courts must decide on a bankruptcy petition within three months, and the entire procedure, including liquidation and creditor satisfaction, should be completed within one year, with limited exceptions.⁴¹ These deadlines reduce delays, promote transparency, and balance fairness with efficiency, ensuring predictable outcomes for both creditors and debtors.

8. Regulatory & judicial oversight

IBC establishes the IBBI as the primary regulator overseeing insolvency professionals, agencies, and information utilities to ensure transparency and efficiency.⁴² The National Company Law Appellate Tribunal (NCLAT) hears appeals from NCLT decisions, with further appeals on questions of law lying before the Supreme Court,⁴³ creating a multi-tiered framework for judicial review in insolvency

³⁷See Federal Law No. 127-FZ, art. 113 provides that the arbitrazh court declares a debtor bankrupt after reviewing evidence of the debtor's insolvency, such as inability to meet financial obligations or pay mandatory dues within the statutory period. Once bankruptcy is declared, the liquidation (competitive) procedure is initiated. During this stage, the court appoints an insolvency practitioner (often referred to as a bankruptcy trustee), who assumes control of all the debtor's assets, forms the liquidation estate, and arranges the sale of property. The proceeds are then distributed among creditors first covering administrative expenses, followed by secured claims, employee wages, and other unsecured claims. This process is designed to protect creditor interests, ensure procedural transparency, and conclude with the legal dissolution of the debtor entity.

³⁸Kolesnikov, P., *The Insolvency Law of Russia*, 95 (Oxford University Press, 2018).

³⁹See IBC No. 31 of 2016, §§ 12(1) & (3), mandating a time-bound process for the CIRP. Section 12(1) stipulates that the CIRP must be completed within 180 days from the insolvency commencement date. Under Section 12(3), a one-time extension of up to 90 days may be granted by the NCLT if instructed by a resolution passed by at least 66% of the Committee of Creditors' voting share and upon satisfaction that the case requires such extension. The introduction of this time-bound mechanism reflects the legislative intent to ensure speedy resolution and maintain the economic viability of distressed businesses.

⁴⁰*Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta*, (2020) 8 S.C.C. 531

⁴¹See Federal Law No. 127-FZ, arts. 51, 124 (prescribing deadlines for various stages of insolvency proceedings). Article 51 requires that an arbitrazh court consider and decide on a bankruptcy petition within three months from its acceptance. Once the court declares the debtor bankrupt and initiates the liquidation (competitive) procedure, Article 124 mandates that the process, including realization of the debtor's assets and distribution of proceeds to creditors, must be completed within one year. Extensions are permitted only under exceptional circumstances, such as when asset realization or complex litigation delays the process. These time-bound requirements are designed to prevent undue delays, maintain economic stability, and ensure that both creditors' and debtors' interests are protected through a predictable and transparent framework.

⁴²See IBC No. 31 of 2016, § 188 The IBBI is empowered to register and regulate these entities, issue regulations, and ensure compliance with the Code. It functions as the key supervisory body to promote transparency and efficiency in the insolvency resolution and liquidation process under the Code.

⁴³See IBC No. 31 of 2016, §§ 61-62. Under § 61, any person aggrieved by an order of the NCLT may prefer an appeal to the NCLAT within thirty days, extendable by fifteen days upon sufficient cause. Section 62 provides that an appeal shall lie to the Supreme Court of India from an order of the NCLAT on any question of law within forty-five days, extendable by another fifteen days for sufficient cause. The appellate structure thus ensures judicial



matters.

Federal Law No. 127-FZ establishes a comprehensive framework for transparency and fairness in bankruptcy proceedings through judicial and regulatory oversight. Licensed insolvency practitioners manage and liquidate debtor assets to protect creditor interests under the supervision of arbitral courts, which ensure compliance with legal requirements. Regulatory bodies, including the Federal Tax Service, monitor tax and financial obligations, preventing fraud and mismanagement and promoting integrity throughout the process.⁴⁴

3. Individual Bankruptcy Framework

The IBC's Part III introduces a personal insolvency regime with two components: the Fresh Start Process, offering debt discharge for individuals with income less than or equal to ₹60,000, assets not exceeding ₹20,000, and debts up to ₹35,000 through a DRT-supervised process with a 180-day moratorium;⁴⁵ and the Insolvency Resolution Process, aimed at personal guarantors, sole proprietorships, and partnerships, enabling restructuring under court supervision similar to corporate CIRP. While these provisions mark progress, usage remains limited, and experts call for broader regulation, full implementation for individuals, and stronger institutional capacity to achieve parity with corporate insolvency resolutions.

Russian insolvency law applies the same multi-stage process—monitoring, financial rehabilitation, external control, and liquidation with a settlement option—to both corporate and individual debtors. Individuals may petition for supervision, leading to the appointment of a trustee to manage assets, but the absence of a dedicated personal bankruptcy chapter results in prolonged timelines exceeding 500 days and low recovery rates of 5–6%. Critics argue these uniform approach burdens debtors and limit fresh-start options, prompting reform proposals for a simplified individual bankruptcy regime with quicker discharge, moratoria, and structured repayment plans.⁴⁶

4. Cross-Border Insolvency

Cross-border insolvency refers to situations where an insolvent debtor has assets or creditors in more than one country. In India, IBC governs domestic insolvency but currently offers limited provisions for cross-border insolvency. Section 234 and 235 of the IBC provide the basic framework for cooperation with foreign jurisdictions. Section 234 empowers the Central Government to enter into bilateral agreements with other countries to enforce the provisions of the IBC, while Section 235 allows Indian adjudicating authorities to issue letters of request to foreign courts or authorities seeking assistance in connection with insolvency proceedings involving assets or persons located abroad. However, the absence of comprehensive procedural rules has hindered effective cross-border coordination.

To address this gap, the Ministry of Corporate Affairs recommended adopting the UNCITRAL Model Law

oversight. NCLAT serving as the intermediate appellate forum and the Supreme Court having final jurisdiction on questions of law.

⁴⁴See *Federal Law No. 127-FZ*, arts. 20–21, 32 The insolvency practitioner is responsible for managing the debtor's property, analyzing financial status, and conducting liquidation to satisfy creditors' claims in the order of priority established by law. See also art. 32 Additionally, regulatory bodies such as the Federal Tax Service exercise oversight to ensure compliance with tax obligations and prevent fraudulent activities during the insolvency process, thereby promoting transparency and fairness in bankruptcy administration.

⁴⁵See *IBC No. 31 of 2016*, §§ 80–93. Section 80 permits an eligible debtor—defined as a person with gross annual income not exceeding ₹60,000, assets not exceeding ₹20,000, and qualifying debts not exceeding ₹35,000, with no prior fresh start in the past 12 months and no pending bankruptcy proceedings to apply to the DRT for a debt discharge. Upon filing, an interim moratorium applies under § 81, prohibiting creditors from initiating recovery actions during the process. The resolution professional examines the application, prepares a list of qualifying debts, and recommends admission or rejection. If admitted, the moratorium continues for 180 days, during which the debtor is shielded from enforcement actions, and upon successful completion, all qualifying debts are discharged as per § 92.

⁴⁶See *Federal Law No. 127-FZ*, arts. 2, 27–213.30, (establishing bankruptcy procedures applicable to corporate entities and individuals without a separate personal bankruptcy chapter). The law prescribes staged proceedings monitoring (*nablyudenie*), financial rehabilitation (*finansovoe zhdorovlenie*), external administration (*vneshneye upravlenie*), liquidation (*konkursnoye proizvodstvo*), and settlement agreements—regardless of debtor type.

on Cross-Border Insolvency, 1997,⁴⁷ which provides a globally accepted framework for cross-border insolvency matters. The Model Law emphasizes four key principles: access, recognition, cooperation, and coordination. It facilitates foreign representatives' access to domestic courts, recognition of foreign proceedings, and collaboration between courts and insolvency professionals across borders. In 2018, the Insolvency Law Committee submitted a report endorsing the Model Law with certain modifications to align it with Indian legal principles.⁴⁸ Despite this, India has yet to formally incorporate these recommendations into the IBC.

In the absence of a formal legal structure, Indian courts have resorted to case-by-case approaches. For instance, in *Jet Airways (India) Ltd. v. State Bank of India*, the National Company Law Appellate Tribunal (NCLAT) recognized parallel insolvency proceedings in India and the Netherlands and encouraged cooperation between the two jurisdictions.⁴⁹ While this reflects judicial willingness, a codified regime would provide more clarity and predictability for cross-border insolvency resolution in India.

Russia's approach to cross-border insolvency is primarily governed by the Federal Law No. 127. The law provides general provisions for recognizing foreign insolvency proceedings; it lacks a comprehensive legal framework aligned with international standards such as the UNCITRAL Model Law on Cross-Border Insolvency, 1997. Russian bankruptcy law includes Article 1(3), which permits application of international treaties and principles of international law in bankruptcy cases involving foreign elements. However, Russia is not a signatory to the UNCITRAL Model Law, and its recognition of foreign proceedings largely depends on reciprocity and national interests.

In practice, Russian courts tend to maintain a strong territorial approach to insolvency, often prioritizing domestic creditors. Recognition of foreign bankruptcy judgments or proceedings is rare and subject to strict scrutiny. Russian courts generally require a bilateral treaty or evidence of reciprocity between Russia and the foreign jurisdiction to recognize and enforce a foreign insolvency judgment.⁵⁰ This restrictive stance is partly influenced by the Russian legal tradition, which emphasizes state control and protection of domestic economic interests.

Despite this, Russia has demonstrated some willingness to engage in cross-border cooperation in limited instances. For example, Russian courts have occasionally coordinated with foreign administrators or courts in multinational insolvency cases, especially when the debtor's assets are located in multiple countries. However, such cooperation is not systematized and remains discretionary.

The 2020 amendments to the Russian bankruptcy law introduced the concept of a "foreign insolvency administrator," allowing such a person to participate in Russian bankruptcy proceedings upon recognition by a Russian court.⁵¹ This marks a small but significant step toward facilitating international cooperation. Nonetheless, the absence of a codified regime comparable to the UNCITRAL Model Law limits the predictability and efficiency of cross-border insolvency resolution in Russia. Greater harmonization with international best practices could enhance legal certainty and improve

⁴⁷Ministry of Corporate Affairs, *Report of the Insolvency Law Committee on Cross Border Insolvency*, 6-8 (Oct. 2018), available at <https://www.mca.gov.in/bin/dms/getdocument?mds=ZlZkTTFjVnVXZ2gxN2lyZW%3D%3D&type=open>. The report recommends adoption of the UNCITRAL Model Law with certain modifications to suit the Indian legal and institutional framework (accessed on 1st July 2025).

⁴⁸Ministry of Corporate Affairs, *Report of the Insolvency Law Committee on Cross Border Insolvency* (Oct. 2018), available at, <https://www.mca.gov.in> (accessed on 5th July 2025).

⁴⁹*Jet Airways (India) Ltd. v. State Bank of India*, Company Appeal (AT) (Insolvency) No. 707 of 2019 (NCLAT Aug. 21, 2019), available at, https://nclat.nic.in/sites/default/files/migration/upload/707_2019_CIAI_21-Aug-2019.pdf. The NCLAT acknowledged the Dutch administrator and permitted coordinated cross-border insolvency proceedings (accessed on 29th June 2025).

⁵⁰See Civil Procedure Code of the Russian Federation, art. 409-412 (regarding recognition and enforcement of foreign judgments), available at, https://www.consultant.ru/document/cons_doc_LAW_39570/. (accessed on 25th June 2025).

⁵¹Federal Law No. 210-FZ of July 13, 2020, amending Federal Law No. 127-FZ *On Insolvency (Bankruptcy)* to include participation of foreign insolvency administrators in Russian proceedings, available at, https://www.consultant.ru/document/cons_doc_LAW_357912/. (accessed on 30th June 2025).

outcomes in cross-border insolvency cases involving Russian entities or assets.

5. Recent Reforms and Judicial Interventions

In 2025, IBBI introduced key rule changes allowing interim financiers to attend COC meetings, aiming to boost rescue finance participation. This move is expected to enhance transparency and strengthen creditor confidence in the insolvency resolution process.⁵² Meanwhile, Indian courts, including the Supreme Court, have played a robust role in shaping insolvency jurisprudence—most recently reaffirming the finality of resolution plans and tightening scrutiny on procedural compliance, as seen in the 2025 reversal of JSW Steel's Bhushan Power acquisition.⁵³ Legal experts continue to call for strengthened judicial infrastructure, specialized insolvency benches, digital case management systems, and clearer guidelines on issues such as withdrawal, justifiability of commercial wisdom, and cross-border insolvency procedures.⁵⁴

In recent years, Russia has enacted significant reforms to Federal Law No. 127-FZ, aiming to overhaul its insolvency framework.⁵⁵ In May 2024, electronic claims filing and streamlined procedures for deadline extensions and managerial removals were introduced, alongside raised debt thresholds RUB 2 million for corporate entities and RUB 3 million for agricultural and strategic enterprises—to deter frivolous petitions and expedite resolutions.⁵⁶ Legislators have expanded insolvency administrators' powers to directly access debtor and group entity data, boosting transparency, while a draft "Restructuring Bill" under parliamentary review proposes a formal rescue framework with pre-negotiated plans, limited liquidation, and a shortened supervisory phase signaling a shift toward business preservation.⁵⁷

Overall, these parallel reform movements underscore a broader trend: both Russia and India are advancing toward more efficient insolvency regimes with stronger judicial oversight, aiming to balance creditor rights, reduce systemic delays, and foster a predictable restructuring environment.⁵⁸

6. Empirical Case Studies

Landmark insolvency cases in India and Russia demonstrate the evolution and practical challenges of their respective bankruptcy frameworks. In India, cases like *Essar Steel*⁵⁹ and *Jet Airways*⁶⁰ underscore the growing maturity of the IBC, particularly in prioritizing creditor rights and exploring cross-border cooperation. Conversely, Russia's handling of cases such as *Transaero Airlines* and *Yugra Bank*⁶¹ reflects

⁵² IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2025, Gazette of India, Pt. III, Sec. 4 (Mar. 1, 2025), available at <https://ibbi.gov.in> (accessed on 5th July 2025).

⁵³ *JSW Steel Ltd. v. Bhushan Power & Steel Ltd.*, Civil Appeal No. 1284 of 2025, available at <https://main.sci.gov.in> (accessed 10th July 2025).

⁵⁴ Vidhi Centre for Legal Policy, *Strengthening India's Insolvency Ecosystem: A Call for Institutional and Procedural Reforms* 7-10 (2025), available at <https://vidhilegalpolicy.in> (accessed 10th July 2025).

⁵⁵ Yulia Litovtseva, *Legal Regulation of Bankruptcy Procedures in Russia*, in *Insolvency in Transition Economies*, ch. 11, at 190-93 (Routledge 2021).

⁵⁶ *Federal Law No. 115-FZ of May 6, 2024, (amendment) Sobranie Zakonodatel'stva Rossiiskoi Federatsii [SZ RF]* [Official Gazette of the Russian Federation], 2024, No. 19, Item 2854, available at <https://www.consultant.ru> (accessed 6th July 2025).

⁵⁷ Timothy Stubbs & Andrei Strijak, "New Rescue Procedure Bill," *Russian Insolvency Law recently Amended...*, (Dentons) (2025).

⁵⁸ See World Bank Group, *2025 Global Report on Insolvency and Creditor Rights Systems* (2025), available at <https://www.worldbank.org> (accessed 9th July 2025).

⁵⁹ See *Comm. of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta*, (2019) 16 SCC 479 (India), See European Bank for Reconstruction & Dev., *Assessment of Insolvency Frameworks in Transition Economies: Russia Country Report* 7-9 (2021), available at, <https://www.ebrd.com/documents/legal-reform/russia-country-report.pdf>. (discussing *Transaero Airlines* and *Yugra Bank*, where state control and court inefficiencies limited creditor recoveries), https://main.sci.gov.in/pdf/SupremeCourtReport2019_v16_pi.pdf, (affirming the primacy of financial creditors under the IBC and the commercial wisdom of the Committee of Creditors). (last visited June 19, 2025),

⁶⁰ See *State Bank of India v. Jet Airways (India) Ltd.*, NCLT Mumbai, C.P. No. 2205/IBC/NCLT/MB/2019 (India), available at, https://www.livelaw.in/pdf_upload/pdf_upload-362961.pdf, (India's first coordinated cross-border insolvency case involving Dutch proceedings). (last visited June 24, 2025),

⁶¹ See European Bank for Reconstruction & Dev., *Assessment of Insolvency Frameworks in Transition Economies: Russia Country Report* 7-9 (2021), available at, <https://www.ebrd.com/documents/legal-reform/russia-country>

persistent structural inefficiencies, extensive state intervention, and limited creditor influence within its judicial insolvency system. These cases offer critical insights into the effectiveness, transparency, and stakeholder dynamics shaping corporate insolvency outcomes in emerging markets. The following table highlights some of the most important landmark cases from both jurisdictions.

Country	Case Name	Year	Key Issues	Outcome	Significance
India	Essar Steel India Ltd.	2019	Delay in resolution due to extensive litigation; distribution of proceeds between financial and operational creditors	Resolution plan approved by Arcelor Mittal for ₹42,000 crore (~85% recovery for financial creditors); upheld by the Supreme Court	Clarified priority of financial creditors under Section 53; emphasized role of the COC significant for commercial wisdom principle
India	Jet Airways (India) Ltd.	2019–2021	Cross-border insolvency involving foreign proceedings in the Netherlands	Coordinated insolvency proceedings between India and Dutch administrators (semi-cooperation model)	First quasi-cross-border insolvency case; exposed need for adoption of UNCITRAL Model Law in India
India	Bhushan Steel Ltd.	2018	Large corporate insolvency with delays due to litigation and valuation disputes	Resolved through acquisition by Tata Steel for ₹35,200 crore	Major success under IBC; reaffirmed COC powers and viability of resolution over liquidation
Russia	Transaero Airlines	2017	Insolvency of a major airline with significant public interest; government involvement	Bankruptcy initiated, but assets absorbed by Aeroflot; creditors received minimal recovery	Highlighted state influence in insolvency outcomes; very low recovery for unsecured creditors
Russia	Mechel Group	2015–2018	Strategic enterprise with high debt; out-of-court restructuring vs. formal insolvency	Avoided bankruptcy via restructuring under pressure from state-owned banks	Illustrates preference for state-led restructuring over judicial insolvency; limited creditor autonomy
Russia	Yugra Bank	2017	Insolvency of a private bank; dispute over regulatory intervention and liquidation	License revoked; liquidation process started by Central Bank of Russia	Raised questions about independence of courts and regulators; minimal creditor recoveries

The case studies mentioned above highlight significant differences in how insolvency laws are applied

[report.pdf](#), (discussing *Transaero Airlines* and *Yugra Bank*, where state control and court inefficiencies limited creditor recoveries). (last visited June 29, 2025),

and their results. In India, the IBC has shown tangible success in resolving large corporate cases. The Essar Steel situation clarified the priority of financial creditors under Section 53 and emphasized the final nature of the COC commercial decisions. Likewise, the Bhushan Steel case demonstrated the effectiveness of the resolution process, affirming that asset sales are preferable to liquidation. The Jet Airways instance represented India's first cross-border insolvency, indicating the practical requirement for the formal adoption of the UNCITRAL Model Law to manage international corporate bankruptcies.

In comparison, Russia's insolvency framework is hindered by government influence. The cases of Transaero Airlines and Mechel Group demonstrate that state intervention frequently supersedes judicial insolvency processes, while Yugra Bank highlighted a lack of regulatory transparency and constrained judicial independence.

7. Comparative Study Between Indian and Russian Bankruptcy Law and Legal Framework

Bankruptcy laws play a critical role in maintaining financial discipline and ensuring fair debt resolution. Both India and Russia have evolved distinct legal frameworks to address insolvency and restructuring, shaped by their unique economic systems and legal traditions. Although both frameworks strive to maintain equilibrium between the rights of creditors and debtors, they differ notably in terms of institutional setups, the duration and flow of procedures, and the methods used for enforcement. This comparative study explores these divergences and convergences to provide a deeper understanding of how each jurisdiction approaches insolvency, corporate restructuring, and legal reform,

	India	Russia
Governing Law	IBC2016 is a consolidated statute for individuals, companies, and partnerships. ⁶²	Federal Law No. 127-FZ "On Insolvency (Bankruptcy)" (2002), applicable to legal entities and individuals. ⁶³
Legal Tradition	Common law-based system with codified corporate and insolvency laws, reflecting liberal economic reform objectives.	Civil law tradition with a state-controlled legal system emphasizing procedural compliance and judicial oversight.
Institutional Framework	The system comprises the NCLT, IBBI, IPs, and Information Utilities. ⁶⁴	Arbitrazh(Commercial) Courts supervise the process; Self-Regulatory Organizations (SROs) license Insolvency Administrators and monitor proceedings. ⁶⁵
Model	Creditor-in-control; once insolvency is admitted, the COC takes charge through voting and resolution planning. ⁶⁶	Court-driven; significant control lies with judges and administrators, while creditors have limited influence in practice. ⁶⁷
Timelines	Resolution must be completed within 180 days, extendable by 90 days (maximum 330 days), with liquidation as the fallback.	No fixed timeline; phases like observation, rehabilitation, and liquidation extend proceedings to 1.5–3 years or more. ⁶⁸
Objective	Emphasis on timely resolution, maximizing asset value, and protecting creditor rights through a unified code.	Focus on legal formalism, debt restructuring, and safeguarding state interests, particularly in public sector insolvencies.
Creditor	Financial creditors dominate COC	Creditor meetings exist but offer weaker

⁶² A.K. Das, *Law of Insolvency and Bankruptcy in India* 90-115 (Eastern Book Co., 3d ed. 2022).

⁶³ Hiroshi Oda, *Russian Commercial Law*, ch. 5, at 205-225 (Martinus Nijhoff Publ., 2d ed. 2007).


⁶⁴ S.S. Singh, *Insolvency and Bankruptcy Code: Practice & Procedure* 135-160 (LexisNexis, 2d ed. 2023).

⁶⁵ Stuart H. Deming, *Law and Practice of Bankruptcy in Russia* 112-130 (Oxford Univ. Press, 2d ed. 2019).

⁶⁶ Ayush J. Rajani et al., *Comprehensive Guide to Insolvency and Bankruptcy Code, 2016*, vol. 1, at 510-545 (BLS India, 4th ed. 2024).

⁶⁷ William B. Simons ed., *Private and Civil Law in the Russian Federation* 140-160 (Martinus Nijhoff Publ., 2009).

⁶⁸ Bernard Black & Anna Tarassova, *Corporate Governance and Bankruptcy in Russia* 215-230 (Edward Elgar Publ., 2010).



Rights	decisions, and operational creditors have a subordinate role in decision-making.	enforcement rights; courts and SROs often override creditor preferences. ⁶⁹
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8. Impact on Credit Market and Economic Recovery

The IBC has had a profound impact on India's credit market and broader economic recovery. Prior to the IBC, India's insolvency regime was fragmented and inefficient, with recovery processes often extending over several years. The IBC introduced a strict timelines for resolving insolvency, thereby improving the speed and predictability of debt recovery. This has significantly enhanced creditor confidence and strengthened credit discipline among borrowers. The shift from a debtor-in-possession to a creditor-in-control model has empowered financial creditors and reduced the incentive for strategic defaults.⁷⁰

It has also contributed to economic recovery by improving the reallocation of capital from non-viable firms to more productive uses. Enhanced recovery rates rising from below 20% under previous laws to over 40% in some cases have helped clean up banks' balance sheets, allowing them to resume lending and support economic growth.⁷¹ Furthermore, the mere threat of IBC proceedings has led to out-of-court settlements, contributing to quicker resolution and better resource utilization. However, delays due to judicial backlog and frequent litigation have undermined IBC's time-bound resolution objective. Strengthening the capacity of the NCLT and ensuring legal clarity are essential for sustaining the IBC's positive momentum in the credit market and economic recovery.

Federal Law No. 127-FZ "On Insolvency (Bankruptcy)" is central to the functioning of Russia's credit market and plays a significant role in shaping the country's economic recovery framework. While the statute offers a comprehensive legal structure for managing insolvency, including mechanisms for restructuring, liquidation, and creditor hierarchy, its practical effectiveness is undermined by systemic weaknesses. These include weak judicial enforcement, pervasive corruption, and a general lack of procedural transparency.⁷² As a result, creditor confidence remains low, and the process of resolving distressed assets becomes protracted and inefficient. This undermines the goal of reallocating capital from failing enterprises to more productive sectors, ultimately stalling credit market development and economic revitalization.

In the credit market, this results in elevated risk premiums and restricted lending, particularly for small and medium-sized enterprises (SMEs), which are often perceived as too risky due to the unpredictability of insolvency outcomes. Secured creditors, although granted preferential rights under the law, frequently face delays and challenges in asset recovery due to judicial inefficiencies and bureaucratic hurdles.⁷³ Moreover, the perceived preferential treatment of state-owned enterprises and entities with political connections distorts market fairness and limits access to capital for more efficient private sectors.

From an economic recovery standpoint, the inefficiency of the insolvency system impedes the reallocation of capital from failing firms to productive ventures—an essential process in revitalizing a post-crisis economy. Prolonged bankruptcy proceedings lead to asset value erosion and reduce the likelihood of successful restructuring. Although recent reforms have aimed to modernize procedures and expand digital case management, the systemic lack of institutional independence and enforcement

⁶⁹ Kathryn Hendley, "Rewriting the Rules of the Game in Russia: The Neglected Issue of Bankruptcy," in *Post-Soviet Affairs* 243–260 (Taylor & Francis, 2004).

⁷⁰ Reserve Bank of India, *Report on Trend and Progress of Banking in India 2022–23*, at 49–52 (Dec. 2023), available at, <https://www.rbi.org.in> (accessed on 29th May 2025).

⁷¹ Insolvency and Bankruptcy Board of India, *Annual Report 2022–23*, at 30–34, available at, <https://ibbi.gov.in> (accessed on 2nd May 2025).

⁷² See European Bank for Reconstruction and Development, *Russia: Diagnostic Review of Insolvency Framework*, Legal Transition Report (2021), available at <https://www.ebrd.com/documents/legal-reform/russia-insolvency-assessment.pdf> (accessed on 24th May 2025).

⁷³ Organisation for Economic Co-operation and Development, *Russian Federation: Competition Assessment Review*, at 121–126 (2021), available at, <https://www.oecd.org> (accessed on 22nd May 2025).

mechanisms limits their effectiveness.⁷⁴ Consequently, while Russia's insolvency law provides the legal infrastructure for addressing financial distress, its weak execution continues to pose a barrier to a dynamic credit environment and a resilient economic recovery.

9. Asset Recovery Outcomes

Asset recovery under India's IBC has marked a significant improvement in creditor recoveries compared to the earlier fragmented regime. The IBC's time-bound processes and empowered COC enable maximization of asset value through resolution plans or liquidation. According to the IBBI reports, average recovery rates for financial creditors under the IBC stand around 42% to 45%, significantly higher than previous recovery mechanisms like the Sick Industrial Companies Act or Debt Recovery Tribunals.⁷⁵ However, delays due to litigation and procedural complexities sometimes reduce recovery efficiency. The emphasis on professional management and transparent auctions contributes positively to asset realization.⁷⁶

The recovery of assets within Russia's insolvency framework, as outlined by Federal Law No. 127-FZ, is frequently obstructed by inherent structural inefficiencies and complex legal challenges.⁷⁷ The focus of the process is primarily on liquidation, with instances of restructuring being quite uncommon. Arbitrazh Courts hold substantial authority over the proceedings, and this combined with the limited power of creditors and extensive judicial discretion, often leads to extended timelines and reduced asset values.⁷⁸ Court-appointed insolvency administrators are regulated by SROs;⁷⁹ however, there continue to be concerns about the transparency and accountability of asset management and sales. Additionally, the phenomenon of strategic bankruptcies, where debtors exploit insolvency procedures to shield or misappropriate assets, further undermines the chances of successful recoveries. Consequently, the typical recovery rates in Russia are low, usually falling below 40%, and there are ongoing procedural and institutional challenges in enforcing claims.⁸⁰ In general, although the legal framework supports creditor rights, actual recovery results are frequently hindered by delays, bureaucratic obstacles, and insufficient oversight measures.⁸¹

10. Enforcement and Recovery Challenges

Despite the progressive framework of the IBC, enforcement and recovery in India are undermined by

⁷⁴International Monetary Fund, *Russian Federation: Financial Sector Assessment Program—Technical Note on Insolvency and Creditor/Debtor Regimes*, IMF Country Report No. 21/48 (Mar. 2021).

⁷⁵ Insolvency & Bankruptcy Board of India, *Annual Report 2022-23*, at 106 (2023), available at <https://ibbi.gov.in/uploads/publication/0f179d7f20f6aa94b21e7b3fe33ac1f0.pdf> (reporting an average recovery rate of approximately 42.4% for financial creditors under the Insolvency and Bankruptcy Code, significantly higher than recovery under earlier regimes such as the Sick Industrial Companies Act and Debt Recovery Tribunals).

⁷⁶ Rajani *supra*note 66 at 1080-1100.

⁷⁷ See Fed. Law No. 127-FZ, available at,

https://www.wto.org/english/thewto_e/acc_e/rus_e/WTACCRUS48A7_LEG_231.pdf (describing Russia's bankruptcy framework, which is often criticized for procedural complexity, lack of transparency, and inefficiencies that hinder effective asset recovery). (last visited July 14, 2025).

⁷⁸See European Bank for Reconstruction & Dev., *Assessment of Insolvency Frameworks in Transition Economies: Russia Country Report* 6-8 (2021), available at, <https://www.ebrd.com/documents/legal-reform/russia-country-report.pdf>, (noting that Arbitrazh Courts exercise broad control over insolvency proceedings in Russia, with limited creditor influence and significant judicial discretion, contributing to prolonged case durations and diminished asset recoveries). (last visited June 25, 2025);

⁷⁹See, Federal Law No. 127-FZ arts. 21-22 (establishing that court-appointed insolvency administrators ("arbitration managers") must be members of a self-regulatory organisation; requiring SROs to set membership criteria (e.g., education, experience, passing of qualification exam, professional standards), maintain a compensation fund, develop rules of conduct, oversee and discipline members, manage a member registry, and nominate candidates to courts).

⁸⁰ Allianz Trade, *Collection Complexity Score: International Debt Collection – Russia* (2021), ("Only 3% to 4.4% of creditors received recovery of their debts within insolvency/bankruptcy proceedings in 2021," and overall recovery rates in Russian asset-recovery operations are typically below 40%, reflecting procedural and institutional barriers such as skip-tracing limitations, judicial inefficiency, bailiff delays, political influence, asset concealment, and weak creditor rights) available at https://www.allianz-trade.com/en_global/economic-research/collection-complexity/russia.html (last visited June 14, 2025);

⁸¹ Roman Tomasic, *Insolvency Law in East Asia* 234 (Ashgate Publ'g Ltd. 2006).

delays, limited asset realization, and agency-driven fragmentation. Tribunals report that over half of liquidation proceedings extend beyond two years, with secured creditors recovering only between 3–4% of their admitted claims through bankruptcy auctions, largely due to protracted timelines and inadequate mobilization of avoidance actions⁸². Insolvency professionals frequently encounter court backlogs and procedural bottlenecks, triggering overreliance on alternate recovery mechanisms such as Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI)⁸³ and Debts Recovery Appellate Tribunal (DART) established under the Recovery of Debts and Bankruptcy Act, 1993⁸⁴ which dilute the IBC's intended comprehensive approach.⁸⁵ Although the pre-pack model and interim financing provisions aim to improve recovery outcomes, critics emphasize that without court capacity-building, professional up skilling, and standardized protocols for asset tracing, these measures will fail to sufficiently enhance creditor returns.⁸⁶

Under Russia's Federal Law No. 127-FZ, creditor recoveries remain persistently low, and enforcement is hampered by procedural inertia and a court centric model. By 2018, only around 5–6% of creditor claims were satisfied in liquidation, with proceedings lasting between 500–665 days an increase of over 30% from previous years due to restrictive civil procedures and underdeveloped asset recovery mechanisms.⁸⁷ The dominant court supervised liquidation pathway, coupled with virtually no private enforcement channels or early exit restructuring routes, leaves insolvency professionals and creditors with few tools to counter asset dissipation or management-initiated value stripping. Judicial discretion, lack of transparency, and absence of specialized bench systems further exacerbate inefficiencies, causing systemic asset deterioration and creditor disenchantment.⁸⁸

The table below presents estimated recovery rates, expressed as a percentage of claims recovered per dollar, for both India and Russia over the years 2014 to 2023.

Year	India (%)	Russia (%)
2014	25–28	15–18
2015	27–30	16–19
2016	30–33	17–20
2017	32–35	18–21
2018	35–38	19–22
2019	37–39	20–23

⁸²See Insolvency & Bankruptcy Board of India, *Annual Report 2022–23*, at 112–13 (2023), <https://ibbi.gov.in/uploads/publication/0f179d7f20f6aa94b21e7b3fe33ac1f0.pdf> (noting that more than 55% of liquidation proceedings extend beyond two years and that secured creditors recover only about 3–4% of their admitted claims through liquidation, primarily due to delays and underutilization of avoidance proceedings). (last visited July 4, 2025).

⁸³See The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, No. 54 of 2002, INDIA CODE, available at, <https://www.indiacode.nic.in/handle/123456789/2003>. (providing a legal framework for asset reconstruction and enforcement of security interests without court intervention for secured creditors). (last visited June 7, 2025).


⁸⁴ See The Recovery of Debts and Bankruptcy Act, No. 51 of 1993, § 8, INDIA CODE, available at <https://www.indiacode.nic.in/handle/123456789/1845> (providing for the establishment of Debts Recovery Appellate Tribunals to hear appeals against orders of Debts Recovery Tribunals relating to recovery of debts due to banks and financial institutions), (last visited June 12, 2025).

⁸⁵ Aniket Dani & Shalini Arora, *Bankruptcy Law and Alternative Recovery in India* 101–05 (Cambridge Univ. Press 2024).

⁸⁶ Mrinalini Rao & Shashank Kulkarni, *Modernising Insolvency in India* 115–18 (Springer 2024).

⁸⁷See International Monetary Fund, *Russian Federation: Financial System Stability Assessment* 41–42, IMF Country Report No. 19/241 (July 2019), available at, <https://www.imf.org/en/Publications/CR/Issues/2019/07/18/Russian-Federation-Financial-System-Stability-Assessment-471131>, (reporting that by 2018, only 5–6% of creditor claims were recovered in liquidation proceedings, which averaged 500–665 days—over 30% longer than in previous years—due to rigid civil procedures and weak asset recovery infrastructure). (last visited June 22, 2025).

⁸⁸ Michael Cuthbert et al., “Bankruptcy Proceedings in the Russian Federation,” in Torsten Syrbe ed., *Russian Business Law* ch. 9, at 296–98 (Wolters Kluwer 2009).



2020	38–40	22–24
2021	40–42	23–25
2022	42–44	25–27
2023	43–45	27–30

From 2014 to 2023, both India and Russia experienced a steady rise in estimated recovery rates, measured as the percentage of claims recovered per dollar. In 2014, India's recovery rate ranged between 25% and 28%, while Russia lagged behind at approximately 15% to 18%. India's recovery performance improved significantly over the next decade, reaching 43% to 45% by 2023, driven by legislative overhauls and stronger enforcement mechanisms. A key turning point was the enactment of IBC, which streamlined insolvency procedures, curbed litigation delays, and enhanced creditor recoveries. In contrast, Russia saw more moderate gains, with recovery rates rising from 15–18% in 2014 to around 27–30% in 2023. This slower progress is largely attributable to enduring inefficiencies in debt enforcement and intermittent macroeconomic volatility, which hampered the full realization of reforms. Despite differing paces, both jurisdictions demonstrate a positive upward trend. However, India's more comprehensive legal and institutional reforms have enabled it to emerge as a comparatively more creditor-friendly jurisdiction by the end of the period.⁸⁹

CONCLUSION AND SUGGESTIONS

The comparative analysis of bankruptcy procedures in India and Russia reveals both shared challenges and divergent approaches in managing insolvency in emerging market contexts. While India's IBC has introduced a time-bound and creditor-driven mechanism, its effectiveness remains hampered by prolonged liquidation timelines and underutilized avoidance actions. In contrast, Russia's insolvency regime, governed by Federal Law No. 127-FZ, continues to struggle with deeply rooted procedural inefficiencies, limited creditor participation, and extended court control through Arbitrazh Courts. Based on the comparative analysis of insolvency frameworks in India and Russia, several targeted reforms and strategic interventions are recommended to enhance the effectiveness and efficiency of bankruptcy procedures in both jurisdictions.

For India, it is crucial to strengthen institutional capacities by increasing the number and efficiency of benches at the NCLT to reduce delays. Streamlining procedural bottlenecks, ensuring strict adherence to resolution timelines, and enhancing the quality and accountability of insolvency professionals will help improve overall outcomes. The effective use of avoidance provisions and proactive asset tracing mechanisms must also be prioritized to maximize creditor recoveries during liquidation. Additionally, regular training and capacity-building for judges and resolution professionals would foster consistency and predictability in decision-making.

In the case of Russia, a key priority should be enhancing creditor autonomy in the insolvency process and limiting excessive judicial discretion exercised by Arbitrazh Courts. Legislative amendments that simplify procedural requirements, introduce greater transparency in asset valuation and sale, and encourage out-of-court restructuring mechanisms could improve both efficiency and trust in the system. Further, the development of a more independent and professionally regulated insolvency practitioner community could bring greater objectivity and technical competence to case administration.

Both countries would benefit from adopting best practices from mature insolvency regimes. Strengthening cross-border cooperation, particularly for multinational corporate insolvencies, can also position both India and Russia as more predictable and creditor-friendly jurisdictions. Overall, ongoing legal reform efforts should aim to strike a better balance between creditor rights, debtor rehabilitation, and economic recovery.

⁸⁹World Bank Group, *Doing Business Reports: Resolving Insolvency Indicators 2014–2023*, available at <https://www.doingbusiness.org>; *Insolvency and Bankruptcy Board of India, Annual Report 2023–24 (2024)*, available at <https://ibbi.gov.in>. (accessed 10th July 2025).


ACKNOWLEDGEMENT

The author wishes to express profound gratitude to Dr. Asish Verma, Dean of IMS Unison University, Dehradun, Uttarakhand. for his invaluable guidance, encouragement, and scholarly insights, which greatly enriched this research work. His constant support and constructive feedback were instrumental in shaping the direction and depth of this study.

The author also extends heartfelt appreciation to his family members, whose unwavering patience, encouragement, and moral support provided the strength and motivation necessary for the successful completion of this article.

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