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AN CRITICAL ANALYSIS ON CREDITORS LEGAL RIGHTS UNDER IBC,2016

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ABSTRACT:

The Insolvency and Bankruptcy Code (IBC), 2016, is a landmark reform in India's legal and economic landscape, designed to address the longstanding issues of debt recovery and insolvency resolution. This research critically analyzes the legal rights of creditors under the IBC, focusing on the mechanisms that empower them to initiate insolvency proceedings and secure their dues. It explores the operational dynamics between financial and operational creditors, examining the implications of the priority given to different classes of creditors in the distribution of proceeds from insolvency resolution or liquidation. The study also scrutinizes the role of the Committee of Creditors (CoC), particularly the extent of its powers in decision-making during the Corporate Insolvency Resolution Process (CIRP). The research method followed here is empirical research. The sample size of 221 samples have been taken out of which is taken through convenient sampling. The sampling frame taken by the researcher using the google forms in and around Chennai. The independent variables used are age, gender, educational qualification, Income and Marital status. The dependent variables used are the primary objective of the Insolvency and Bankruptcy code(IBC) the transparency and accountability of the insolvency resolution process as mandated by IBC 2016.The statistical tools used in the research were simple bar charts and chi Square test.

KEYWORDS: Creditors rights, Financial Creditors, Operational Creditors, Insolvency and Bankruptcy Code (IBC), Debtor.

INTRODUCTION:

The Insolvency and Bankruptcy Code (IBC), enacted in 2016, represents a significant shift in the insolvency framework of India. Prior to the IBC, creditors faced immense challenges in recovering their dues due to a fragmented legal framework that included various laws like the Companies Act, Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, and the Sick Industrial Companies (Special Provisions) Act (SICA). These laws often led to protracted insolvency proceedings, with little hope for creditors to recover their dues. The IBC was introduced to streamline and consolidate the insolvency process. It gave precedence to creditors' rights, particularly financial creditors, in the insolvency resolution process. This

marked a departure from earlier laws where the focus was more on debtors' interests. The IBC established a time-bound process for the resolution of insolvency and bankruptcy cases, aiming to maximize asset value and provide better recovery rates for creditors. The introduction of the National Company Law Tribunal (NCLT) as a dedicated forum for insolvency cases was a pivotal step in ensuring the effectiveness of the IBC. The government has undertaken several initiatives to strengthen creditors' rights under the IBC. Amendments to the IBC have been made periodically to address loopholes and improve the resolution process. The introduction of the Insolvency and Bankruptcy (Amendment) Ordinance, 2019, for instance, sought to protect homebuyers by recognizing them as financial creditors, thus

giving them a voice in the resolution process. The government has also focused on enhancing the ease of doing business by ensuring a robust insolvency framework, which is critical for improving investor confidence. Several factors influence the effectiveness of creditors' rights under the IBC:

1. **Judicial Interpretations:** The NCLT and higher courts' interpretations of the IBC provisions significantly impact creditors' rights. Key judgments have clarified the role of financial and operational creditors, the importance of timelines, and the rights of secured creditors.
2. **Resolution Professional's Role:** The conduct and decisions of the resolution professional, who manages the insolvency process, are crucial in protecting creditors' rights.
3. **Market Dynamics:** Economic conditions, sectoral health, and market perceptions also play a role in the effectiveness of creditors' recoveries under the IBC.
4. **Legislative Amendments:** Continuous amendments to the IBC reflect the evolving nature of creditors' rights, ensuring that the law remains relevant in a changing economic landscape.

A comparison with insolvency frameworks in other countries highlights the uniqueness and challenges of the IBC: **United States:** The U.S. Bankruptcy Code, particularly Chapter 11, allows for debtor-in-possession, where the debtor continues to operate the business during the bankruptcy process. This contrasts with the IBC's creditor-driven approach, where creditors have significant control over the resolution process. **United Kingdom:** The UK's insolvency laws provide for both administration and liquidation. The administration process is somewhat akin to the IBC's Corporate Insolvency Resolution Process (CIRP), but with greater flexibility in restructuring. **Germany:** Germany's insolvency framework is known for its efficiency, with a strong emphasis on

restructuring. The role of creditors in Germany is similar to that under the IBC, but the German system is often seen as more mature with well-established processes. **Australia:** Australia's insolvency laws provide a balance between debtor and creditor rights, with a focus on voluntary administration. The IBC, on the other hand, is more creditor-centric, emphasizing the recovery of dues. The IBC, while inspired by global best practices, is tailored to India's unique economic and legal landscape. Its focus on protecting creditors' rights is a crucial aspect of improving the country's insolvency framework, fostering a more robust and resilient financial system.

OBJECTIVES:

- To analyze whether Operational Creditor receives fair treatment under the IBC Code compared to financial creditors.
- To examine whether the Secured Creditors given priority over unsecured creditors.
- To Study about the transparency and accountability of the insolvency resolution process as mandated by IBC 2016

LITERATURE REVIEW:

Chakrabarty, R. (2018): Chakrabarty's research focuses on the paradigm shift introduced by the IBC, which prioritizes creditors' rights, especially financial creditors, through the Committee of Creditors (CoC). The study highlights how the CoC holds decisive power in the insolvency resolution process, thereby improving creditor recoveries. However, the research also critiques the imbalance created between financial and operational creditors, suggesting that the latter often receive less favorable treatment. This work underscores the importance of a balanced approach in the legal framework to ensure fairness across all creditor classes. **Singh, A. (2019):** Singh's analysis provides an in-depth examination of the legal structure under the IBC that empowers financial creditors over other stakeholders. The research discusses how the

code's provisions have enhanced the bargaining power of secured creditors, particularly banks and financial institutions, by giving them a central role in the insolvency process. The study also examines the challenges faced by unsecured and operational creditors, whose rights are often subordinated. Singh suggests potential reforms to address these disparities and to create a more equitable system. **Mishra, P. (2020):** Mishra explores the balance the IBC strikes between creditor rights and debtor protections, with a focus on the practical outcomes since its implementation. The study finds that while the code has significantly strengthened the position of creditors, particularly through the streamlined insolvency process, it also poses challenges in terms of enforcement and consistency. Mishra argues that the success of the IBC depends on the judiciary's ability to interpret and apply the code effectively, ensuring that creditors' rights are protected without compromising the interests of debtors unduly. **Patil, V. (2021):** Patil's study critiques the effectiveness of the IBC in enhancing creditor recoveries, particularly highlighting the role of the CoC in determining the fate of distressed companies. The research notes that while the code has been successful in reducing the time taken for insolvency resolution, it also brings to light issues related to the prioritization of financial over operational creditors. The study calls for a more nuanced approach to ensure that the rights of all creditors are adequately protected, and that the insolvency process does not disproportionately favor one group over another. **Sharma, R. (2017):** Sharma's work analyzes the legal rights of creditors under the IBC, emphasizing the shift from a debtor-friendly regime to a creditor-centric approach. The research highlights the introduction of the CoC, which has significantly enhanced the decision-making power of financial creditors. However, the study also raises concerns about the potential for abuse of this power, particularly in cases where operational creditors are marginalized. Sharma suggests that

additional safeguards may be necessary to ensure that the rights of all stakeholders are respected. **Gupta, S. (2018):** Gupta examines the impact of the IBC on the rights of unsecured creditors, with a particular focus on small and medium enterprises (SMEs). The study finds that while the IBC has improved overall recovery rates for creditors, unsecured creditors, especially SMEs, often face significant challenges in recovering their dues. Gupta argues that the current framework disproportionately benefits larger financial institutions, and recommends policy changes to enhance the protection of unsecured creditors, ensuring a more balanced insolvency process. **Basu, K. (2019):** Basu's research provides a comparative analysis of creditor rights before and after the implementation of the IBC. The study highlights the significant improvements in creditor recoveries under the IBC, particularly for secured creditors. However, Basu also points out that the code has led to increased litigation, as creditors seek to enforce their rights more aggressively. The research suggests that while the IBC has made strides in empowering creditors, there is a need for clearer guidelines to reduce disputes and ensure a smoother insolvency process. **Roy, M. (2020):** Roy's study focuses on the role of the judiciary in interpreting creditor rights under the IBC, examining key judgments that have shaped the implementation of the code. The research finds that the judiciary has generally upheld the rights of financial creditors, reinforcing the creditor-centric approach of the IBC. However, Roy also notes that there have been instances where judicial interventions have led to delays and uncertainties, affecting the effectiveness of the insolvency process. The study calls for a more consistent judicial approach to strengthen the predictability of the IBC framework. **Kumar, A. (2021):** Kumar's analysis explores the challenges faced by operational creditors under the IBC, with a focus on the disparity in treatment compared to financial creditors. The study highlights that while the IBC has provided a more structured process for

insolvency resolution, operational creditors often find themselves at a disadvantage, with limited influence over the outcome. Kumar argues that this imbalance could undermine the overall effectiveness of the insolvency framework, and suggests reforms to enhance the participation and rights of operational creditors in the resolution process. **Desai, P. (2019)**: Desai's research examines the impact of the IBC on the corporate lending environment in India, particularly in terms of creditor confidence. The study finds that the IBC has significantly improved the legal framework for creditor recoveries, leading to increased confidence among lenders. However, Desai also highlights the challenges in ensuring timely resolution of insolvency cases, which can impact the overall effectiveness of the code. The research suggests that while the IBC has strengthened creditor rights, there is a need for ongoing reforms to address procedural inefficiencies. **Jain, R. (2020)**: Jain's study evaluates the role of the IBC in enhancing the rights of secured creditors, particularly in the context of non-performing assets (NPAs). The research finds that the IBC has been instrumental in improving the recovery rates for secured creditors, thereby addressing the NPA crisis in the banking sector. However, Jain also points out that the focus on secured creditors has led to concerns about the equitable treatment of other creditors, particularly operational creditors. The study suggests that a more balanced approach is needed to ensure the long-term sustainability of the insolvency framework. **Mehta, S. (2018)**: Mehta's research provides an analysis of the impact of the IBC on cross-border insolvency and the rights of foreign creditors. The study finds that while the IBC has made significant strides in improving creditor recoveries within India, there are still challenges in dealing with cross-border insolvency cases. Mehta highlights the need for a more comprehensive legal framework to protect the rights of foreign creditors, particularly in cases involving multinational corporations. The research calls for greater

harmonization of insolvency laws to ensure the effective resolution of cross-border cases. **Bhatt, N. (2019)**: Bhatt's study focuses on the impact of the IBC on the real estate sector, particularly in terms of creditor rights. The research finds that the IBC has provided a more structured process for the resolution of insolvency cases in the real estate sector, leading to improved recoveries for creditors. However, Bhatt also highlights the challenges faced by homebuyers, who are often classified as operational creditors with limited rights under the IBC. The study calls for reforms to enhance the protection of homebuyers and ensure a more equitable insolvency process. **Verma, A. (2020)**: Verma's analysis examines the effectiveness of the IBC in addressing the rights of creditors in the context of group insolvency. The study finds that the IBC, while effective in individual cases, faces challenges in dealing with complex group insolvencies, where multiple entities within a group are involved. Verma argues that the current framework does not adequately address the rights of creditors in such cases, leading to uncertainties and potential conflicts. The research suggests the need for a more comprehensive legal framework to address the challenges of group insolvency. **Rao, S. (2021)**: Rao's research provides a critical analysis of the role of the Insolvency and Bankruptcy Board of India (IBBI) in protecting creditor rights under the IBC. The study finds that while the IBBI has played a crucial role in overseeing the implementation of the IBC, there are concerns about its effectiveness in addressing the rights of all creditors, particularly operational creditors. Rao highlights the need for the IBBI to adopt a more proactive approach in ensuring that the rights of all stakeholders are adequately protected in the insolvency process. **Nair, P. (2018)**: Nair's study examines the role of the IBC in improving the credit culture in India, particularly in terms of creditor rights. The research finds that the IBC has significantly strengthened the position of creditors, leading to a more disciplined credit culture. However, Nair also highlights the challenges faced by

creditors in enforcing their rights, particularly in cases involving large corporations. The study suggests that while the IBC has made important strides, there is a need for further reforms to ensure that creditor rights are consistently upheld in practice. **Shah, D. (2019):** Shah's research focuses on the impact of the IBC on the rights of small creditors, particularly in the context of micro, small, and medium enterprises (MSMEs). The study finds that while the IBC has improved the legal framework for creditor recoveries, small creditors often face significant challenges in enforcing their rights. Shah argues that the current framework does not adequately protect the interests of small creditors, and recommends policy changes to enhance their participation and rights in the insolvency process. **Menon, V. (2020):** Menon's analysis examines the impact of the IBC on the rights of operational creditors, particularly in the manufacturing sector. The study finds that while the IBC has provided a more structured process for insolvency resolution, operational creditors often find themselves at a disadvantage, especially in sectors like manufacturing where they play a crucial role. Menon highlights that the prioritization of financial creditors under the IBC can lead to operational creditors receiving lower recoveries, which in turn affects the overall viability of the sector. The research suggests the need for reforms that ensure operational creditors have a more significant role in the insolvency resolution process, thereby protecting their rights and interests. **Sinha, R. (2021):** Sinha's study explores the interaction between the IBC and other financial regulations, focusing on how this affects creditors' rights. The research finds that while the IBC has enhanced the legal position of creditors, there are still gaps when it comes to the interplay with other laws such as the Companies Act and the SARFAESI Act. Sinha

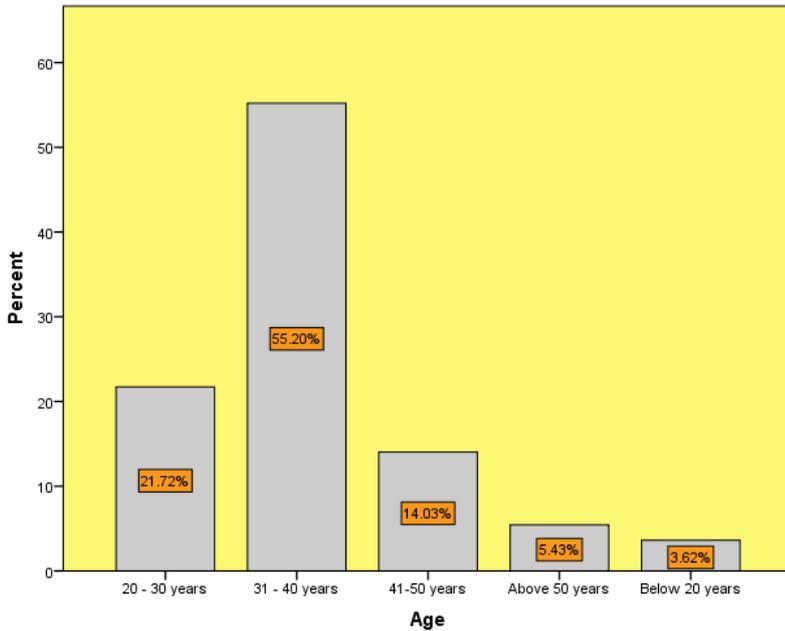
argues that these legal overlaps can lead to uncertainties and potential conflicts in the insolvency process. The study calls for greater legal clarity and coordination among different regulatory frameworks to better protect creditors' rights. **Joshi, K. (2019):** Joshi examines the impact of the IBC on the banking sector, particularly in terms of enhancing the rights of financial creditors. The study highlights that the IBC has empowered banks by providing them with a clear and enforceable mechanism to recover bad debts, thereby improving their financial stability. However, Joshi also notes that the aggressive pursuit of recoveries under the IBC can sometimes lead to unintended consequences, such as pushing distressed companies into liquidation rather than restructuring. The research suggests that a more balanced approach, with a focus on resolution rather than liquidation, could better serve the interests of both creditors and debtors.

METHODOLOGY:

The research method followed here is empirical research. The sample size of 221 samples have been taken out of which is taken through convenient sampling. The sampling frame taken by the researcher using the google forms in and around Chennai. The independent variables used are age, gender, educational qualification, Income and Marital status. The dependent variables used are the primary objective of the Insolvency and Bankruptcy code(IBC), the creditors can replace the Resolution Professional (RP) under IBC 2016 if they are dissatisfied with their performance, the transparency and accountability of the insolvency resolution process as mandated by IBC 2016. The statistical tools used in the research were simple bar charts and chi Square test.

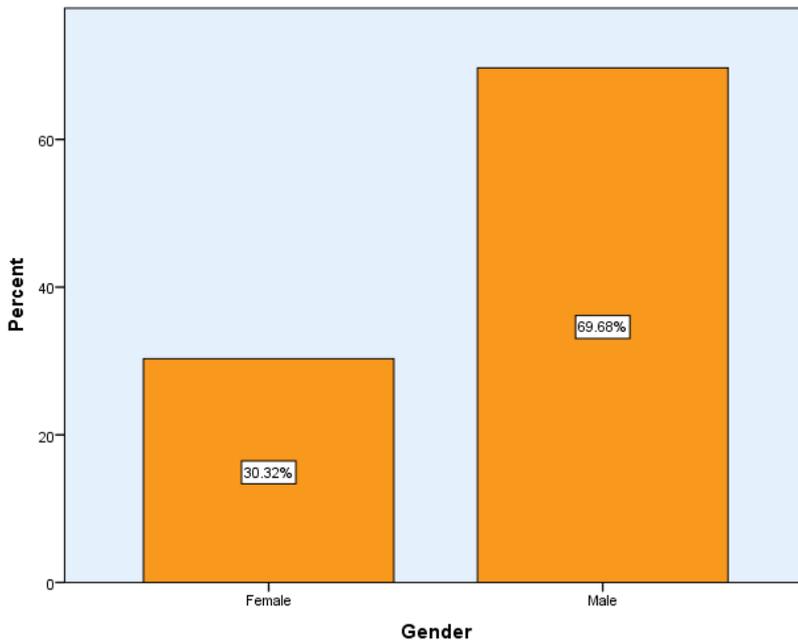
ANALYSIS:

FIGURE1:



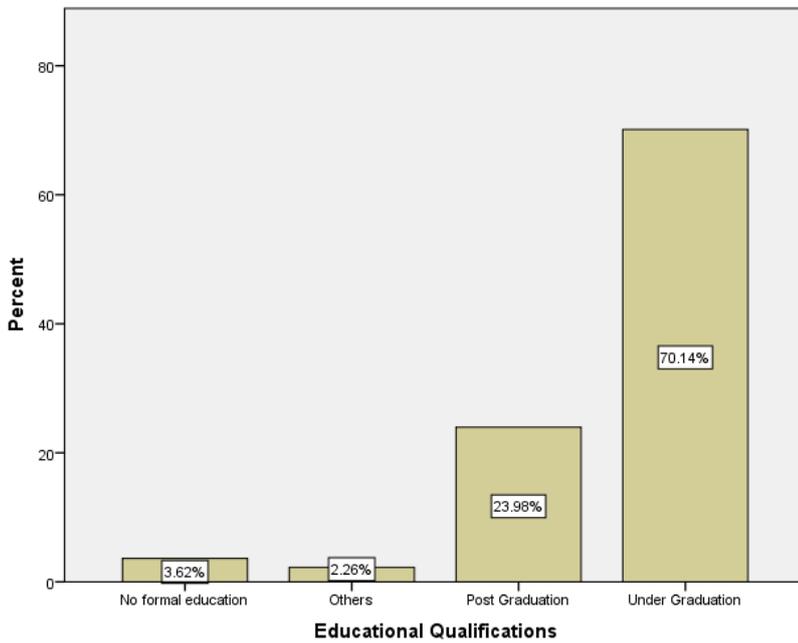
Legend:The above graph shows the percentage of the respondents based on the Age category.

FIGURE 2:



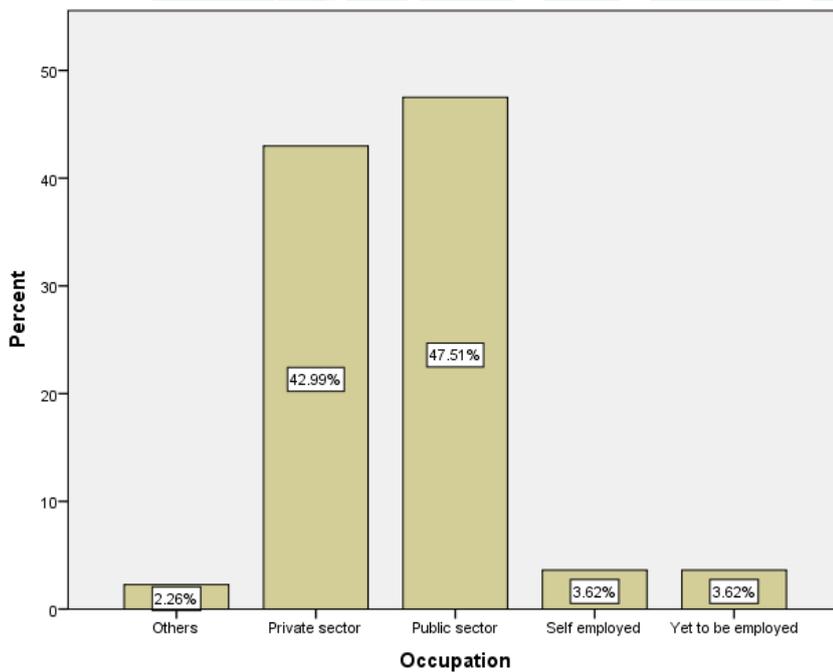
Legend:The above graph shows the percentage of the respondents based on the Age category.

FIGURE 3:



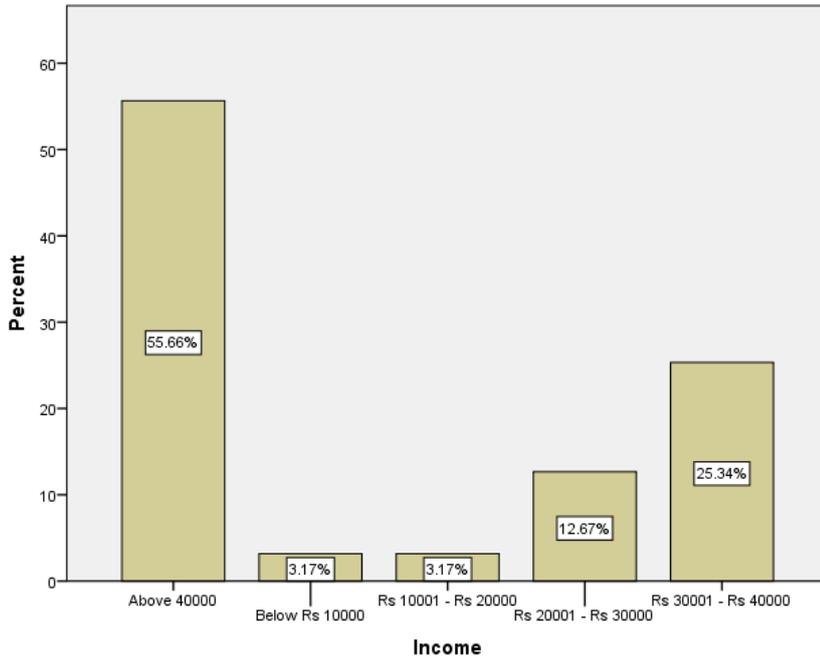
Legend:The above graph shows the percentage of the respondents based on the Educational qualification.

FIGURE 4:



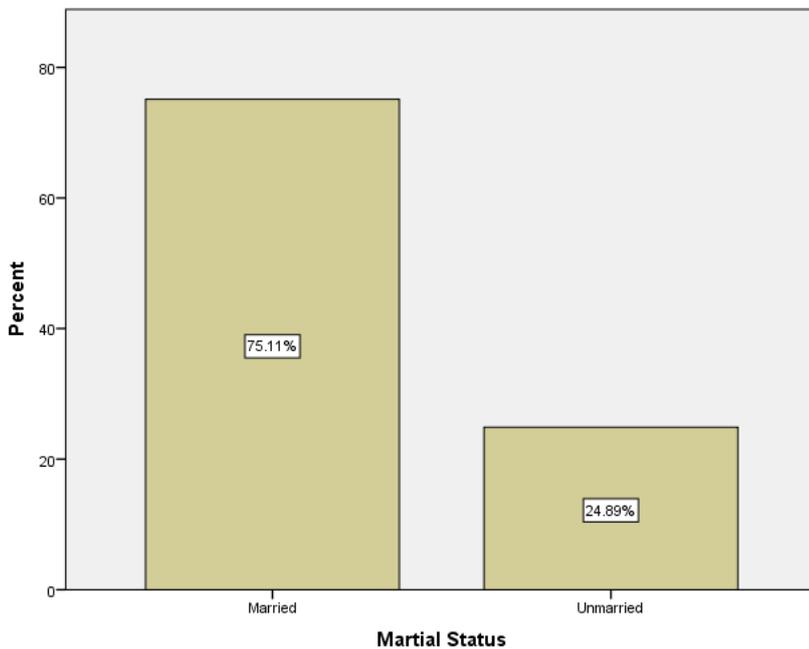
Legend:The above graph shows the percentage of the respondents based on their Occupation .

FIGURE 5:



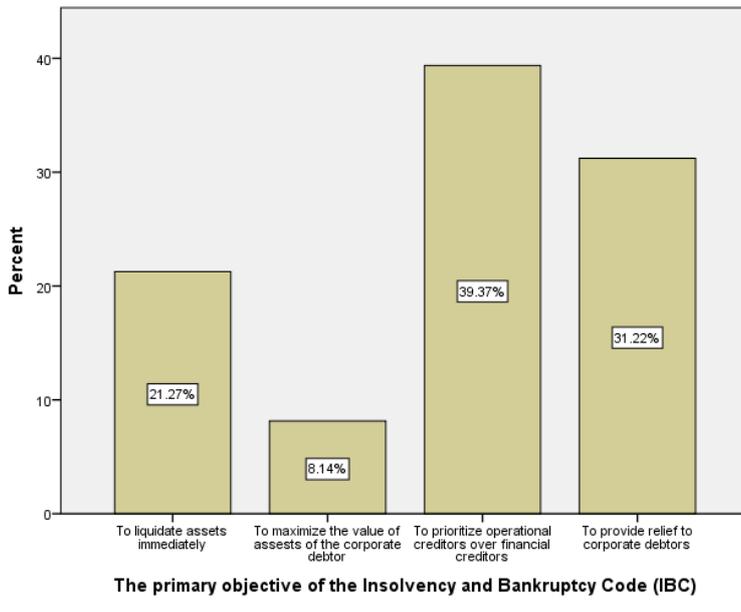
Legend:The above graph shows the percentage of the respondents based on their Income.

FIGURE 6:



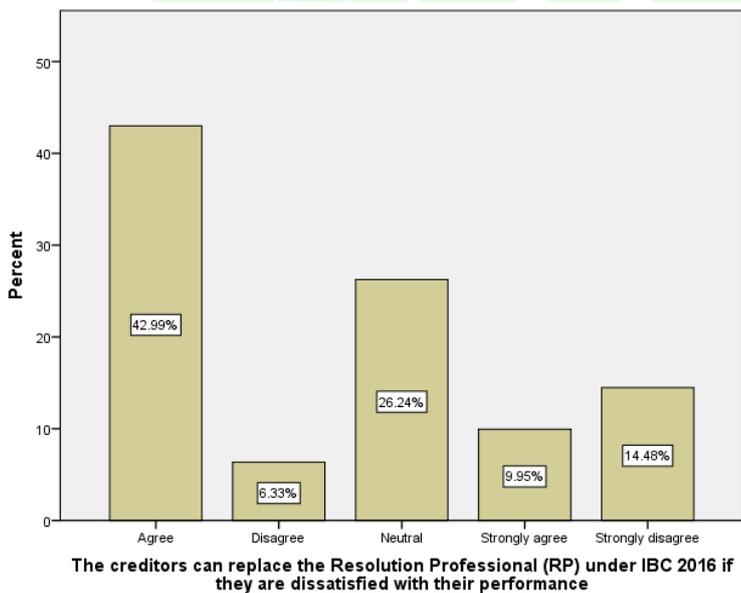
Legend:The above graph shows the percentage of the respondents based on their marital status .

FIGURE 7:



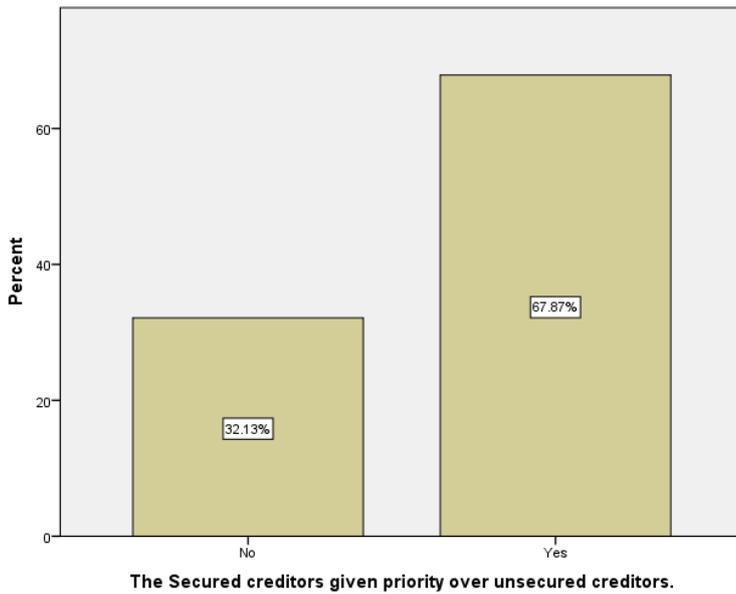
Legend:The above graph shows the overall percentage of the primary objective of the Insolvency and Bankruptcy code(IBC).

FIGURE 8:



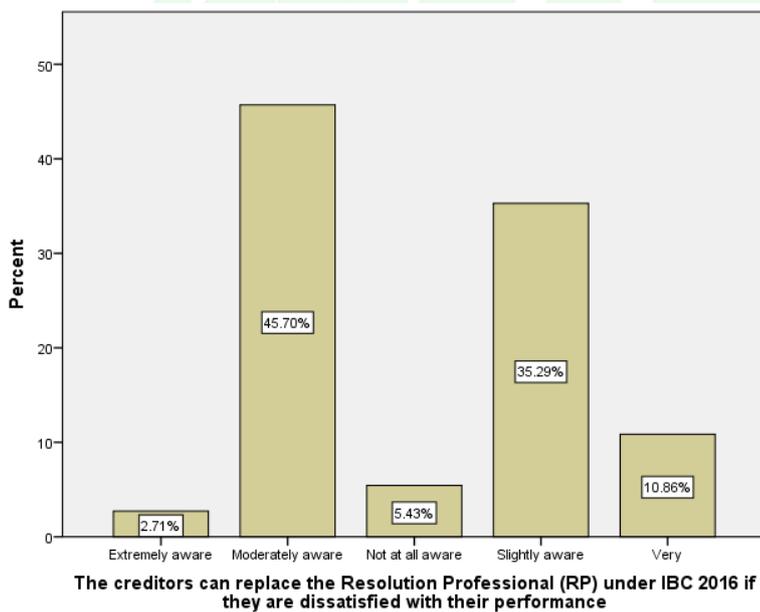
Legend:The above graph shows the overall percentage of the agreeability of the creditors can replace the Resolution Professional (RP) under IBC 2016 if they are dissatisfied with their performance.

FIGURE 9:



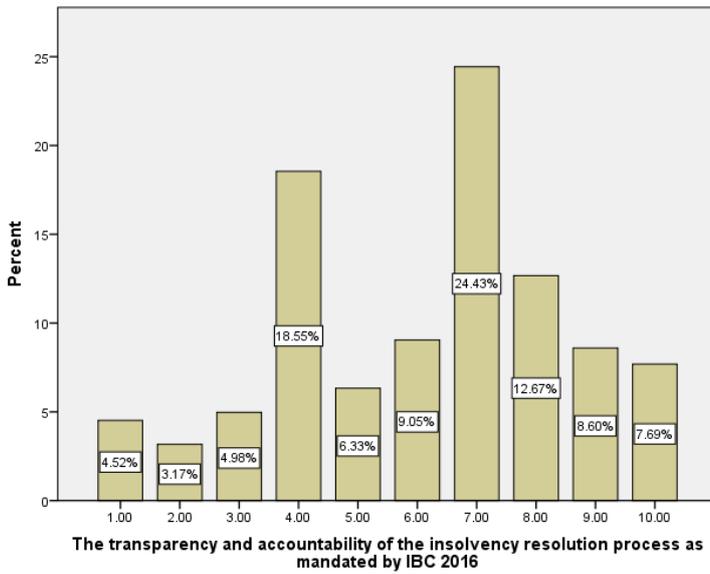
Legend:The above graph shows the overall percentage of the yes or no question for the Secured creditors given priority over unsecured creditors .

FIGURE 10:



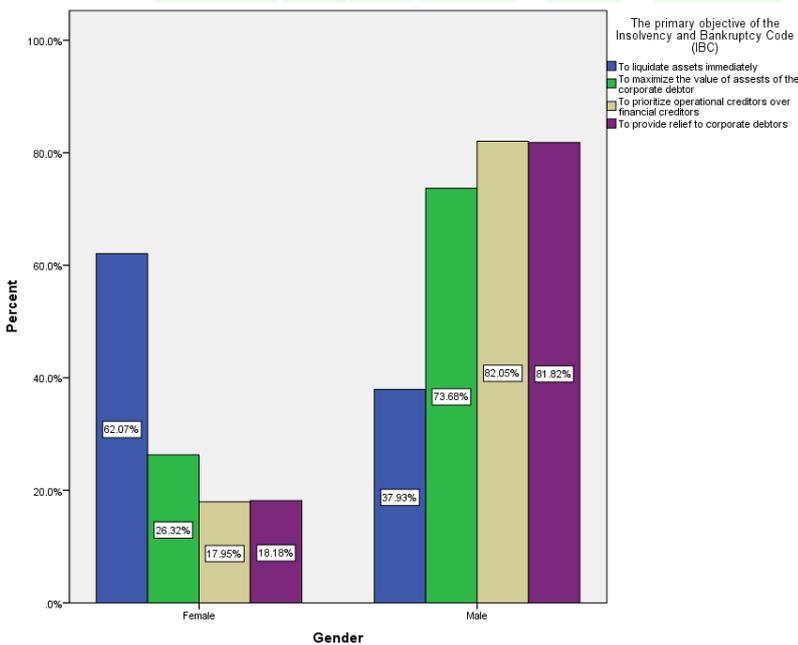
Legend:The above graph shows the overall percentage of the awareness that the creditors can replace the Resolution Professional (RP) under IBC 2016 if they are dissatisfied with their Performance.

FIGURE 11:



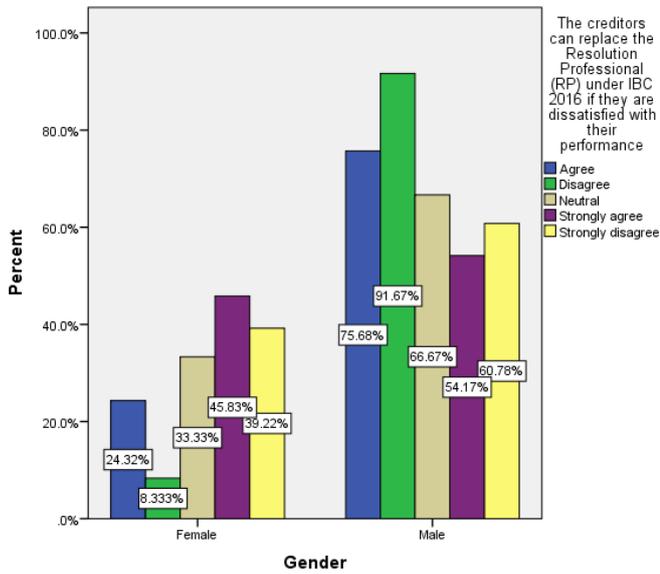
Legend:The above graph shows the overall percentage of the ratings of the transparency and accountability of the insolvency resolution process as mandated by IBC 2016.

FIGURE 12:



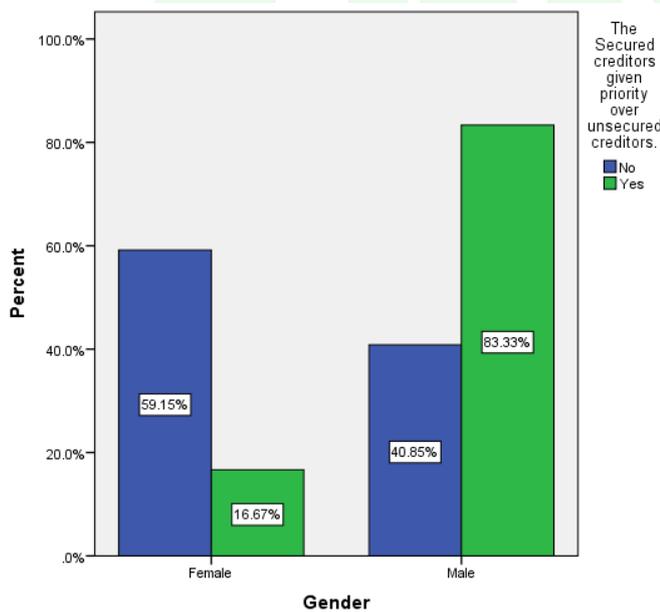
Legend:The above graph shows the percentage of the primary objective of Insolvency and Bankruptcy Code (IBC) based on their gender.

FIGURE 13:



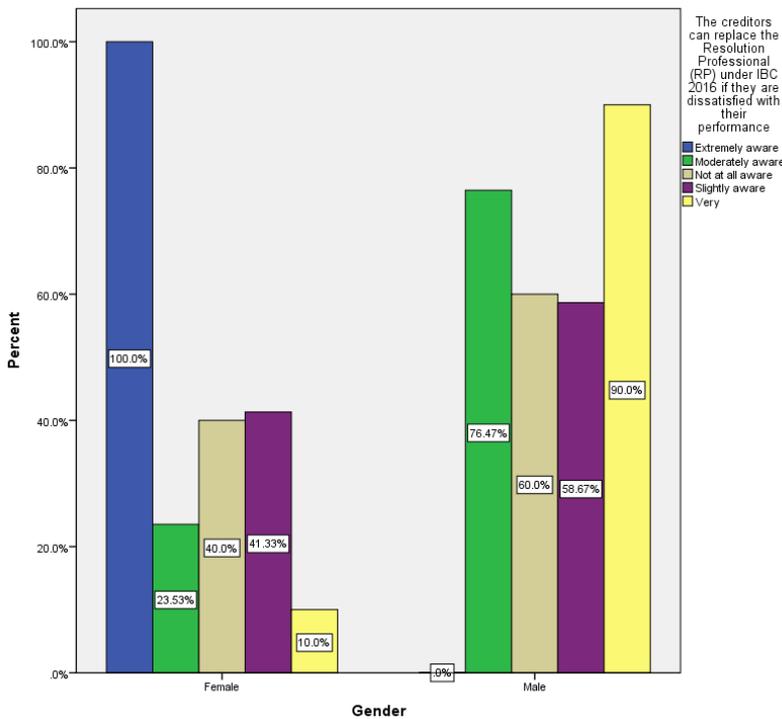
Legend:The above graph shows the percentage of the agreeability of the creditors can replace the Resolution Professional (RP) under IBC 2016 if they are dissatisfied with their performance based on their gender.

FIGURE 14:



Legend:The above graph shows the percentage of the yes or no question for the Secured creditors given priority over unsecured creditors based on their gender.

FIGURE 15:



Legend:The above graph shows the percentage of the awareness that can replace the Resolution Professional (RP) under IBC 2016 if they are dissatisfied with their Performance based on their gender.

RESULTS:

FIGURE 1:The figure 1 shows the majority of individuals fall within the 31-40 years age group (55.20%), followed by 20-30 years (21.72%), with much smaller percentages in other age categories.**FIGURE 2:**The chart shows that 69.68% of the population is male, while 30.32% is female, indicating a significant gender imbalance.**FIGURE 3:**The majority of individuals have an undergraduate qualification (70.14%), followed by those with postgraduate education (23.98%). A small percentage have no formal education (3.62%), while 2.26% fall into other categories.**FIGURE 4:**The public sector is the most popular occupation with 47.51% of respondents. The private sector is the second most popular with 42.99%. The remaining respondents were evenly distributed among other occupations, self-employment, and those yet to be employed.**FIGURE 5:**The majority of respondents (55.86%) reported an income above Rs 40,000. The second most common income range was Rs 30,001-Rs 40,000, accounting for 25.34% of respondents. The

remaining respondents were distributed across lower income brackets.**FIGURE 6:**The majority of respondents (55.86%) reported an income above Rs 40,000. The second most common income range was Rs 30,001-Rs 40,000, accounting for 25.34% of respondents. The remaining respondents were distributed across lower income brackets.**FIGURE 7:**The primary objective of the Insolvency and Bankruptcy Code (IBC) is to maximize the value of the assets of the corporate debtor, with a percentage of **39.37%**. The next priority is to prioritize operational creditors over financial creditors, with a percentage of **21.27%**. The least prioritized objective is to provide relief to corporate debtors, with a percentage of **8.14%**.**FIGURE 8:**The majority of respondents agreed that creditors can replace the Resolution Professional (RP) under IBC 2016 if dissatisfied with their performance, with **42.99%** agreeing. A significant minority disagreed, with **26.24%** disagreeing. A smaller portion remained neutral, with **9.95%** neutral. The remaining respondents either strongly agreed or strongly disagreed with the statement, with **6.33%**

strongly agreeing and **14.48%** strongly disagreeing. **FIGURE 9:** The majority of respondents agreed that secured creditors are given priority over unsecured creditors, with 67.87% agreeing. A significant minority disagreed, with 32.13% disagreeing. No respondents remained neutral. **FIGURE 10:** The majority of respondents were moderately aware of creditors' ability to replace the Resolution Professional (RP) under IBC 2016, with 45.70% moderately aware. A significant minority were slightly aware, with 35.29% slightly aware. The remaining respondents were either extremely aware, not at all aware, or very aware, with percentages of 2.71%, 5.43%, and 10.86% respectively. **FIGURE 11:** The majority of respondents rated the transparency and accountability of the insolvency resolution process as mandated by IBC 2016 as between 7 and 10 out of 10, with the highest percentage (24.43%) rating it as 7. The next highest percentage (18.55%) rated it as 4. The lowest percentage (1.00%) rated it as 1. **FIGURE 12:** The primary objective of the Insolvency and Bankruptcy Code (IBC) is to maximize the value of the assets of the corporate debtor, with a higher percentage of males (81.82%) choosing this option compared to females (62.07%). To liquidate assets immediately is the least chosen objective by both genders, with females having a slightly higher percentage (26.32%) than males (17.95%). **FIGURE 13:** The majority of males and females agreed that creditors can replace the Resolution Professional (RP) under IBC 2016 if dissatisfied with their performance, with **91.67%** of males and **75.68%** of females agreeing. However, a significant minority of both genders disagreed, with **24.32%** of females and **8.33%** of males disagreeing. **FIGURE 14:** The majority of both males and females agree that secured creditors are given priority over unsecured creditors, with a higher percentage of males agreeing. However, a significant minority of both genders disagree. Specifically, **59.15%** of females and **83.33%** of males agree that secured creditors are given priority. **FIGURE 15:** The majority of males and females are aware of

creditors' ability to replace the Resolution Professional (RP) under IBC 2016, with higher percentages of males being aware across all categories. However, a significant minority of both genders are not at all aware. Specifically, **100.0%** of females and **90.0%** of males are aware to some extent, while **23.53%** of females and **6.67%** of males are not at all aware.

DISCUSSION:

FIGURE 1: The data highlights a strong representation of middle-aged individuals, particularly those between 31-40 years, suggesting this group is central to the study or population analyzed. **FIGURE 2:** The data suggests a strong male predominance in the population or study group, which may reflect gender-based disparities or a specific focus on males within the context of the research. **FIGURE 3:** The data indicates a highly educated population, with a strong emphasis on undergraduate qualifications. The low percentages for those without formal education or in other categories suggest that education is a significant factor in the study or population analyzed. **Figure 4:** The public sector is the most popular occupation, with nearly half of respondents (47.51%) employed in this area. The private sector follows closely with 42.99%, while the remainder of respondents are spread across self-employment, unemployment, and other fields. **FIGURE 5:** Over half of respondents (55.86%) reported earning more than Rs 40,000, making this the most common income range. The second largest group earns between Rs 30,001 and Rs 40,000, accounting for 25.34%, with fewer respondents in the lower income brackets. **FIGURE 6:** This figure reiterates that the majority of respondents (55.86%) earn over Rs 40,000, followed by 25.34% in the Rs 30,001-Rs 40,000 range, confirming a concentration in higher income groups. **FIGURE 7:** The Insolvency and Bankruptcy Code's (IBC) primary goal is to maximize asset value (39.37% of respondents). Prioritizing operational creditors (21.27%) and providing relief to debtors (8.14%) are seen as secondary objectives. **FIGURE 8:** A majority (42.99%) believe creditors can replace the

Resolution Professional (RP) if dissatisfied, while a smaller group (26.24%) disagrees. Some respondents were neutral or had stronger opinions, either agreeing or disagreeing strongly. **FIGURE 9:** Most respondents (67.87%) agree that secured creditors are prioritized over unsecured creditors, while a minority (32.13%) disagree, indicating a split in perceptions on this issue. **FIGURE 10:** A large portion of respondents (45.70%) are moderately aware of creditors' ability to replace the RP, with 35.29% slightly aware. A smaller group expresses either very high or very low awareness levels. **FIGURE 11:** Most respondents rate the transparency and accountability of the IBC process highly, with 24.43% giving it a score of 7 out of 10. Lower ratings are given by a smaller number of respondents. **FIGURE 12:** Both genders view maximizing the value of assets as the primary IBC objective, with 81.82% of males and 62.07% of females selecting this. Immediate liquidation is seen as the least important goal by both. **FIGURE 13:** A large majority of males (91.67%) and females (75.68%) agree that creditors can replace the RP if dissatisfied. However, a notable minority from both genders disagrees. **FIGURE 14:** Most respondents from both genders agree that secured creditors are prioritized, with more males (83.33%) than females (59.15%) expressing this view. A significant minority of both genders disagrees. **FIGURE 15:** Awareness of creditors' rights to replace the RP is higher among males, though both genders show significant levels of awareness. A small portion of both groups remains completely unaware.

LIMITATIONS:

One of the major limitations of the study is the sample frame. There is a major constraint in the sample frame as the data was collected online from the respondents. So, it was difficult to extrapolate it to a larger population and also that the actual and clear opinions of people remained unexpressed. Another limitation is the sample size of 221, which cannot be used to assume the thinking of the entire population in a particular country, state, or city. The physical

factors have a larger impact, thus, limiting the study.

SUGGESTION:

To enhance the effectiveness of the Insolvency and Bankruptcy Code (IBC), 2016, it is crucial to strengthen the legal protections for secured creditors, ensuring they retain priority in liquidation proceedings. There should be a focus on improving transparency and fairness in the resolution process, preventing any undue advantage to specific creditor classes. Implementing stricter timelines for the resolution process is necessary to avoid the erosion of asset value. Furthermore, the capacity and training of National Company Law Tribunal (NCLT) members should be increased to handle complex insolvency cases more efficiently. Introducing mechanisms for quicker asset recovery and better assessment of distressed assets is also essential. Finally, operational creditors should receive equitable representation in the Committee of Creditors (CoC) to balance interests and promote fair outcomes.

CONCLUSION :

The Insolvency and Bankruptcy Code (IBC), 2016, has significantly transformed the landscape of insolvency and bankruptcy in India, offering a more streamlined and structured process for resolving distressed assets. However, challenges remain, particularly concerning the protection of creditors' rights. Secured creditors, while prioritized, still face uncertainties in the resolution process that can undermine their interests. The need for timely resolution is paramount to preserving the value of assets and ensuring fair treatment of all creditors. By enhancing the capacity of the NCLT, improving transparency, and ensuring equitable representation for operational creditors, the IBC can better serve its intended purpose. Continuous reforms and vigilant enforcement are necessary to maintain the delicate balance between the interests of different creditor classes, ultimately contributing to the stability and efficiency of the Indian financial system. The

IBC's impact on India's insolvency framework is undeniable, fostering a more creditor-friendly environment while promoting economic stability. However, the success of the Code hinges on its adaptability to emerging challenges and its ability to protect the interests of all stakeholders involved. Strengthening institutional capacities, ensuring consistent enforcement, and maintaining a fair balance between secured and operational creditors are essential for the IBC's continued effectiveness. As the Indian economy evolves, so too must the IBC, to ensure it remains a robust tool for resolving insolvency and fostering financial discipline.

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