भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India

WFA WORLD FORUM OF ACCOUNTANTS 2026



Issues and Recommendations Emerging from the Deliberations at International Convention on Insolvency Resolution and Valuation

RESOLVE-2025
1st - 2nd DECEMBER, MUMBAI
ENABLING RESOLUTION, MAXIMIZING VALUE

1st – 2nd December 2025

Hotel Aurika, Mumbai





Organised by:

Insolvency & Valuation Standards Board of ICAI

In Association with:

Insolvency and Bankruptcy Board of India
Indian Institute of Corporate Affairs
Indian Institute of Insolvency Professionals of ICAI and ICAI Registered Valuers Organisation

Hosted by:

The Western India Regional Council (WIRC)

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About 3rd International Convention on Insolvency Resolution: RESOLVE 2025

The journey of **RESOLVE** began in 2023 with its inaugural edition held in Singapore, which laid the foundation for structured global dialogue in the areas of insolvency and valuation. This was followed by the second edition in 2024 at Bharat Mandapam, New Delhi, which witnessed participation from global thought leaders and offered in-depth insights into sector-specific and policy-related issues. Each edition made a meaningful contribution towards capacity building and enhancing awareness within the profession. **RESOLVE–2025** carried this legacy forward by deepening international perspectives and equipping professionals to address emerging challenges.

The enactment of the Insolvency and Bankruptcy Code (IBC) in 2016 marked a landmark reform in India's economic history. For financial creditors, particularly banks and lending institutions, the IBC provided a robust legal framework to address the longstanding challenge of non-performing assets (NPAs), which had adversely impacted balance sheets and constrained credit growth for several years. Based on the recommendations of the Bankruptcy Law Reforms Committee (BLRC), the Code redefined insolvency as a commercial decision and empowered creditors to drive the resolution process through the Committee of Creditors (CoC).

Over its nine-year journey, the IBC also facilitated a significant behavioral shift among debtors by encouraging early recognition and resolution of financial distress. The incidence of loans transitioning from an 'Overdue' status to 'Normal' status increased substantially, while the average period for which loans remained overdue before regularisation declined sharply from 248–344 days to 30–87 days. These trends reflected a growing commitment among both debtors and creditors towards timely resolution of financial stress.

RESOLVE–2025, the third edition of the International Convention on Insolvency Resolution and Valuation, was organised by the Institute of Chartered Accountants of India (ICAI) through its Insolvency & Valuation Standards Board, in association with the Insolvency and Bankruptcy Board of India (IBBI), Indian Institute of Corporate Affairs (IICA), Indian Institute of Insolvency Professionals of ICAI (IIIPI) and ICAI Registered Valuers Organisation (ICAI RVO) and was hosted by the Western India Regional Council (WIRC) of ICAI. The Convention was held on 1st and 2nd December 2025 at Hotel Aurika, Mumbai International Airport. Anchored with the theme **"Enabling Resolution, Maximizing Value,"** the Convention brought together regulators, policymakers, insolvency professionals, valuers and domain experts from multiple jurisdictions to deliberate on evolving best practices and forward-looking strategies.

With participation from diverse economies and institutions, **RESOLVE–2025** served as a highly impactful global platform featuring distinguished speakers and thought leaders. The Convention encouraged participants to move beyond conventional boundaries, adopt forward-looking approaches and proactively equip themselves to address the increasing complexity of the insolvency and valuation landscape.

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Issues and Recommendations Emerging from the Deliberations at RESOLVE-2025: 3rd Edition of International Convention on Insolvency Resolution and Valuation On the Theme Enabling Resolution, Maximising Value Held In Mumbai

RESOLVE-2025
1st - 2nd DECEMBER, MUMBAI
ENABLING RESOLUTION, MAXIMIZING VALUE

INSOLVENCY & VALUATION STANDARDS BOARD
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
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PREAMBLE

The Insolvency and Bankruptcy Code, 2016 continues to guide insolvency resolution practice in India through its statutory framework. Practical experience gathered from the implementation of insolvency resolution in India has highlighted the importance of continuous review, informed debate and incremental reform. The Insolvency and Bankruptcy Code, 2016 has been applied across diverse sectors and case structures, providing valuable lessons for policymakers, regulators, and practitioners. These learnings have informed legislative and regulatory responses, including the introduction of the Insolvency and Bankruptcy Code (Amendment) Bill, 2025 in the Lok Sabha on 12th August 2025, aimed at further strengthening the insolvency framework.

As the insolvency ecosystem has developed, valuation has assumed a critical role in shaping resolution outcomes. Independent and well-reasoned valuation supports objective assessment of assets and resolution plans, facilitates informed commercial decision-making and contributes to transparency in value realisation and distribution. The effectiveness of insolvency resolution is therefore closely linked to the quality and consistency of valuation practices.

The Insolvency & Valuation Standards Board (I&VSB) of the Institute of Chartered Accountants of India has consistently worked towards promoting structured engagement on issues affecting insolvency resolution and valuation. The International Convention on Insolvency Resolution and Valuation – "RESOLVE" has evolved as a platform for dialogue among regulators, professionals and other stakeholders.

Based on deliberations held at RESOLVE-2024, the Board has taken the initiative of preparation of a consolidated publication capturing key issues and recommendations emerging from the discussions at the Convention. The publication received a positive response from stakeholders and was acknowledged as a useful reference for both professional practice and policy consideration. In view of this response, the Board has continued this initiative at RESOLVE-2025, with the objective of documenting practical issues and actionable recommendations arising from the deliberations at the Convention.

The Insolvency & Valuation Standards Board (I & VSB) of ICAI organised the 3rd Edition of International Convention on Insolvency Resolution and Valuation – RESOLVE-2025 on 1st and 2nd December, 2025 at Mumbai. The Convention was held in association with the Insolvency and Bankruptcy Board of India and hosted by Western India Regional Council of ICAI. This Convention was held jointly with The Indian Institute of Corporate Affairs, The Indian Institute of Insolvency Professionals of ICAI and ICAI Registered Valuers Organisation.

The Convention was inaugurated as Chief Guest by Shri Tirunelveli Kamalasamy Viswanathan,

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Chairman, Bankruptcy Law Reforms Committee. The Guest of Honour was Shri Ravi Mital, Chairperson, Insolvency and Bankruptcy Board of India. The Convention was also graced by CA. Charanjot Singh Nanda, President ICAI.

Chairman of the Convention	CA. Gyan Chandra Misra, Chairman, I & VSB
Vice-Chairman of the Convention	CA. Rajesh Sharma, Vice-Chairman, I & VSB
Secretary to the Convention	CA. Sarika Singhal, Deputy Secretary and Secretary, I&VSB

The Convention featured Nineteen (19) Technical Sessions and Panel Discussions addressing a broad spectrum of subjects. The deliberations at RESOLVE-2025 reflected a range of perspectives on legal, regulatory, financial, and operational aspects of insolvency resolution and valuation. The discussions highlighted areas of progress as well as challenges observed in implementation and reinforced the need for consistency, coordination and capacity building across the insolvency ecosystem.

Based on these deliberations, this publication presents a structured compilation focusing exclusively on issues and recommendations to facilitate focused reference by stakeholders.

We believe that this publication will serve as a knowledge resource for regulators, insolvency professionals, valuers, lenders, resolution applicants and other stakeholders and to contribute to the continued strengthening of insolvency and valuation practices in India.

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Issues and Recommendations Emerging from the Deliberations at International Convention On Insolvency Resolution and Valuation: RESOLVE-2025

1. Entry level challenges

1.1. Absence of structured early engagement mechanisms before formal insolvency

Issue:

- The current insolvency framework largely triggers formal institutional and professional intervention only after default and admission into CIRP. By this stage, significant erosion of enterprise value has often already occurred. The absence of structured early engagement mechanisms prevents the timely diagnosis of financial stress, alignment of stakeholders, and exploration of restructuring options at a stage when revival remains feasible. Consequently, insolvency proceedings frequently begin when distress has already deepened, reducing the likelihood of successful resolution.

Recommendations:

- **Institutionalisation of Pre-insolvency engagement frameworks:** A formal pre-insolvency engagement framework should be institutionalised to enable early involvement of insolvency professionals in an advisory or facilitative role. Such a framework would allow distressed entities and creditors to undertake viability assessment, cash-flow diagnostics, and restructuring feasibility analysis before formal insolvency is triggered. Early professional engagement can significantly improve outcomes by preserving going-concern value and preventing avoidable deterioration.
- **Regulatory safe harbour for early professional intervention:** Clear regulatory safe-harbour provisions should be introduced to protect insolvency professionals and stakeholders engaging at pre-default stages. Absence of such protection currently discourages early action due to fear of retrospective scrutiny. Safe harbours would encourage timely intervention while maintaining accountability through disclosure and documentation requirements.
- **Integration with existing restructuring and MSME frameworks:** The pre-insolvency engagement framework should be aligned with existing restructuring mechanisms, particularly for MSMEs, to ensure coherence and avoid regulatory fragmentation. This integration would enable a graduated response to distress rather than an abrupt transition into formal insolvency.

1.2. Over-reliance on formal CIRP despite availability of viable informal restructuring

Issue:

- Stakeholders often resort to formal CIRP as the default response to financial distress, even in cases where negotiated or informal restructuring could deliver superior

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outcomes. This tendency is driven by lack of confidence in informal mechanisms, the absence of enforceability assurances, and fear of subsequent legal challenges. Over-reliance on CIRP increases systemic burden, escalates costs, and unnecessarily exposes viable businesses to insolvency stigma.

Recommendations:

- **Strengthening legal credibility of informal restructuring mechanisms:** Informal restructuring frameworks should be strengthened through clearer legal recognition and enforceability. Providing limited statutory backing, such as recognition of standstill arrangements or the binding effect of agreed restructuring terms, would enhance confidence among creditors and debtors.
- **Incentivising use of informal resolution pathways:** Regulatory incentives may be introduced to encourage stakeholders to pursue informal restructuring before invoking CIRP. These may include procedural benefits, reduced compliance burden, or priority consideration for subsequent formal processes if informal efforts fail.
- **Guidance on selection of appropriate resolution pathways:** Policy guidance may be issued to assist creditors and professionals in determining when informal restructuring is more appropriate than formal insolvency. Such guidance would promote proportionality and better allocation of institutional resources.

1.3. Entry-level delays and procedural bottlenecks at insolvency commencement

Issue:

- Delays at the entry and admission stages of insolvency proceedings weaken the objective of early intervention under the Code. Although admission is intended to be a summary determination of debt and default, proceedings are often prolonged due to extensive procedural scrutiny, repeated adjournments, and threshold litigation.
- These delays are frequently aggravated by multiple and overlapping applications filed by promoters, creditors, and other stakeholders. Interlocutory and repetitive filings divert adjudicatory attention from the core issue of admission, fragment proceedings, and stretch timelines.
- Additionally, in regulated sectors, delays are further compounded by dependencies on statutory and regulatory approvals. The absence of defined timelines and coordinated processing often leads to uncertainty at the resolution planning and implementation stages.
- Collectively, these factors result in the commencement of CIRP after substantial deterioration of the corporate debtor's business operations, erosion of enterprise value, reduced feasibility of resolution plans, and diminished confidence among prospective resolution applicants.

Recommendations:

- **Preserving the summary nature of admission:** Admission proceedings should remain confined to determining the existence of debt and default, in line with the intent

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of the Code. Clear regulatory or judicial guidance may help reinforce that admission is not meant to involve detailed adjudication or extended hearings.

- **Using Information Utility records effectively:** Greater reliance on authenticated records of default available with Information Utilities should be encouraged at the admission stage. This would reduce evidentiary disputes, limit prolonged arguments, and support quicker, more objective admission decisions.
- **Limiting adjournments at the threshold stage:** Adjournments at the admission stage should be granted only in exceptional cases. Clear norms limiting repeated hearings would help ensure adherence to statutory timelines and protect enterprise value at the earliest stage.
- **Streamlining multiple and repetitive applications:** Procedural safeguards may be strengthened to discourage frivolous or repetitive filings that delay admission or early CIRP milestones. Adjudicating authorities may also consider imposing appropriate cost consequences where filings are primarily intended to obstruct proceedings.

  Defined timelines for the disposal of interlocutory applications would further ensure that ancillary matters do not stall progress.
- **Improving regulatory coordination:** A structured mechanism for coordination between insolvency authorities and sectoral regulators may be considered to enable the timely processing of approvals linked to insolvency proceedings and resolution plans.

  Where feasible, regulatory approvals could be processed in parallel with CIRP. In appropriate cases, deemed approval mechanisms, subject to sector-specific safeguards, may also be explored to reduce uncertainty and implementation delays.

2. CIRP specific operational and business continuity challenges

2.1. Inadequate treatment of executory contracts during CIRP

Issue:

- Uncertainty regarding the continuation, modification, or termination of executory contracts during CIRP frequently disrupts business operations and gives rise to litigation. Lack of clarity on the treatment of such contracts undermines going-concern preservation.

Recommendations:

- **Codification of principles governing executory contracts:** Clear principles should be prescribed to distinguish essential contracts necessary for business continuity from non-essential or onerous contracts. This would enable timely and commercially sound decisions by the RP and CoC.
- **Protection against insolvency-triggered termination:** Safeguards should be introduced to prevent termination of executory contracts solely on account of insolvency commencement, except where continued performance poses demonstrable risk.

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- **Structured renegotiation and continuation mechanisms:** The RP should be empowered to renegotiate key executory contracts within defined parameters, ensuring operational continuity while protecting stakeholder interests.

2.2. Absence of a standard approach for managing ongoing litigation during CIRP

Issue:

- Corporate debtors often enter CIRP with multiple ongoing litigations across various forums. In the absence of a structured litigation management framework, such matters are handled reactively, without prioritisation or alignment with resolution objectives. This results in unnecessary legal expenditure, diversion of management attention, and erosion of value, particularly where low-impact disputes consume disproportionate resources.

Recommendations:

- **Mandatory preparation of a comprehensive litigation inventory:** At an early stage of CIRP, the Resolution Professional should be required to prepare a comprehensive litigation inventory detailing the nature, stage, financial exposure, and operational impact of each pending matter. This inventory would serve as the foundation for informed decision-making.
- **Adoption of a strategic litigation prioritisation framework:** Litigations should be categorised based on materiality and strategic importance, such as matters that must be defended to preserve value, disputes suitable for settlement, and low-impact cases that may be deprioritised. Strategic prioritisation would ensure optimal allocation of resources.
- **Periodic Review of Litigation Strategy by the CoC:** The litigation strategy should be reviewed periodically by the Committee of Creditors to ensure continued alignment with resolution objectives and to recalibrate the approach based on evolving circumstances.

2.3. Lack of a structured framework for mid-CIRP business shutdown decisions

Issue:

- Decisions to partially or fully shut down business operations during CIRP are sometimes taken without a structured evaluation of financial, operational, and stakeholder impact. Unstructured shutdown decisions can lead to irreversible loss of value, workforce disruption, and erosion of resolution prospects.

Recommendations:

- **Mandatory viability and cost-benefit assessment before shutdown:** Any proposal to shut down operations during CIRP should be supported by a documented viability and cost–benefit analysis assessing financial implications, impact on stakeholders, and feasibility of alternative options. This would ensure informed and defensible decision-making.
- **Enhanced disclosure and stakeholder communication:** The rationale for shutdown decisions, along with their anticipated consequences, should be transparently

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communicated to the Committee of Creditors and relevant stakeholders. Transparency is essential to maintain trust and minimise resistance.

- **Regulatory oversight for high-impact shutdown decisions:** For shutdown decisions with significant economic or employment impact, limited regulatory or adjudicatory oversight may be considered to ensure alignment with the broader objectives of value maximisation and stakeholder protection.

3. Stakeholder specific challenges

3.1. Balancing resolution speed with stakeholder safeguards

Issue:

- While timeliness is a core objective of the insolvency framework, excessive emphasis on speed without adequate safeguards may compromise transparency, fairness, and value maximisation. In complex cases, accelerated timelines may limit meaningful stakeholder participation and weaken procedural discipline.

Recommendations:

- **Embedding safeguards within accelerated resolution frameworks:** Fast-track and expedited insolvency mechanisms should be designed with built-in safeguards that ensure transparency, due process, and accountability. Such safeguards are essential to maintain stakeholder trust while achieving time-bound outcomes.
- **Periodic review and calibration of accelerated processes:** Accelerated resolution frameworks should be periodically reviewed to assess their effectiveness, impact on stakeholder rights, and alignment with value maximisation objectives. Evidence-based calibration will help prevent unintended consequences.
- **Harmonisation of speed with procedural discipline:** Policy measures should ensure that procedural discipline, documentation standards, and accountability mechanisms are maintained even within compressed timelines. Speed should enhance, not undermine, the credibility of insolvency outcomes.

3.2. Weak Enforcement of Information Handover Obligations by Promoters and Management

Issue:

- Despite statutory obligations under the Code, Insolvency Professionals frequently encounter delayed or incomplete handover of books, records, and operational information by promoters and management. Such non-cooperation adversely affects valuation, resolution planning, forensic reviews, and avoidance actions, leading to delays and value erosion.

Recommendations:

- Strengthening enforcement and deterrence mechanisms: Enforcement mechanisms for information-handover obligations should be strengthened through time-bound

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directions and meaningful consequences for non-compliance. Effective deterrence is essential to ensure cooperation.

- Presumptive adverse inference for persistent non-cooperation: Regulatory provisions may provide for presumptive adverse inferences where persistent non-cooperation materially hampers proceedings. Such presumptions would shift the incentive structure toward compliance.
- Institutional support for information recovery: Insolvency Professionals should be supported through institutional mechanisms, including access to regulatory assistance and expedited adjudicatory relief, to secure timely information access.

3.3. Fragmented handling of insolvency proceedings against personal guarantors

Issue:

- Proceedings against personal guarantors often progress independently of the corporate insolvency process, leading to inconsistent strategies, duplication of effort, and suboptimal recovery outcomes. Fragmented handling undermines holistic resolution planning and may adversely impact the restructuring prospects of the corporate debtor.

Recommendations:

- **Procedural integration of related insolvency proceedings:** Rules should mandate coordinated handling of insolvency proceedings involving corporate debtors and their personal guarantors. Procedural integration would ensure consistency in strategy and alignment of recovery efforts.
- **Structured information sharing between adjudicating forums:** Institutionalised information-sharing mechanisms should be established between forums dealing with corporate and personal guarantor insolvency to enable coherent decision-making.
- **Alignment of resolution objectives across proceedings:** Resolution strategies should be aligned across corporate and guarantor proceedings to maximise recoveries and prevent conflicting outcomes.

4. Committee of Creditors specific challenges

4.1. Inconsistent practices in constitution and reconstitution of the committee of creditors

Issue:

- The constitution and reconstitution of the Committee of Creditors are often marked by inconsistency, particularly in the admission of late claims, recalculation of voting shares, and communication of changes. Such variability leads to disputes among creditors, repeated challenges before adjudicating authorities, and instability in CoC decision-making, ultimately delaying the resolution process.

Recommendations:

- Codification of CoC constitution and reconstitution procedures: A detailed procedural framework should be prescribed governing both the initial constitution and subsequent

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reconstitution of the CoC. This framework should clearly outline methodologies for admitting claims, recalculating voting shares, and determining the effective date of changes, thereby reducing discretion-driven inconsistencies.

- Mandatory disclosure and reasoned communication: Any change in CoC composition or voting entitlement should be accompanied by a reasoned explanatory note prepared by the RP and circulated to all creditors. Transparent communication would reduce suspicion, build trust, and minimise post-hoc litigation.
- Stabilisation of voting structure: To balance fairness with procedural certainty, a stabilisation mechanism may be considered whereby minor late claims below a materiality threshold do not trigger repeated recalibration of voting shares. This would prevent frequent disruption while preserving substantive creditor rights.

4.2. CoC governance & accountability issues

4.2.1. Decision-making discipline, timeliness, and role clarity challenges

Issue:

- While the Committee of Creditors occupies a central role in commercial decision-making under the Code, weaknesses in governance practices often result in delayed, inefficient, or inconsistent outcomes.
- Instances of excessive micromanagement by the CoC in operational and administrative matters blur the statutory division of responsibilities between the CoC and the Insolvency Professional. This undermines professional autonomy, slows execution, and diffuses accountability.
- At the same time, delays in commercial decision-making, arising from prolonged deliberations, repeated deferral of votes, lack of continuity in representation, and absence of structured evaluation frameworks, contribute significantly to timeline overruns during CIRP. These delays dilute the time-bound nature of the process and adversely affect resolution outcomes.
- Further, ambiguity around the scope and limits of the CoC's "commercial wisdom" creates hesitation in decision-making and encourages defensive behaviour. Uncertainty regarding judicial scrutiny often leads to over-cautious approaches, prolonged deliberations, and avoidable litigation, delaying resolution.

Recommendations:

- **Clear demarcation of roles and responsibilities:** Regulatory guidance may be reinforced to clearly distinguish between the strategic and commercial role of the CoC and the operational responsibilities of the Insolvency Professional. Clear role demarcation would reduce micromanagement, enhance accountability, and improve execution efficiency.
- **Strengthening decision-making discipline and timelines:** CoCs may be encouraged to adopt internal timelines for deliberation and voting to ensure timely

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progression of CIRP milestones. Procedural discipline is essential to uphold statutory timelines and preserve enterprise value.

- **Continuity and accountability in CoC representation:** Ensuring continuity in CoC representation across meetings would strengthen institutional memory, improve consistency in decision-making, and enhance accountability. Designation of alternate representatives with adequate authority may also be considered.
- **Use of structured decision-making frameworks:** Adoption of structured evaluation criteria and decision frameworks for resolution plans would streamline deliberations, reduce indecision, and support timely commercial judgments.
- **Capacity Building for CoC Members:** Targeted orientation and capacity-building programmes for CoC members may be encouraged to improve understanding of insolvency processes, statutory boundaries, and best practices, thereby reducing inadvertent micromanagement and hesitation.

4.2.2. Challenge of accountability, documentation, and defensibility of CoC decisions

Issue:

- While the CoC enjoys primacy in commercial decision-making, the absence of a structured accountability and documentation framework often results in decisions that are inadequately reasoned, poorly recorded, or informally communicated.
- Weak documentation standards, particularly regarding directions issued to the Resolution Professional, create ambiguity about the scope of authority, expose professionals to regulatory and litigation risk, and undermine transparency. Inconsistent recording of decisions also weakens stakeholder confidence and increases the likelihood of disputes and judicial intervention.

Recommendations:

- **Structured documentation of commercial decisions:** CoC decisions, especially those involving rejection of resolution plans, deferral of key actions, or issuance of material directions, should be supported by structured documentation that records the rationale and considerations underlying the decisions. This would enhance transparency and defensibility without diluting commercial autonomy.
- **Mandatory written recording of material CoC directions:** All material directions issued by the CoC should be formally recorded in meeting minutes, clearly articulating their scope, rationale, and statutory basis. Proper documentation would strengthen governance and reduce interpretational disputes.
- **Alignment of directions with statutory powers:** Directions issued by the CoC should explicitly align with the statutory powers and responsibilities of the Resolution Professional to avoid role confusion and ultra vires actions. This alignment would protect both the CoC and the professional from future challenges.
- **Procedural best practices for CoC functioning:** Issuance of best-practice guidance covering CoC meeting conduct, documentation standards, decision

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timelines, and record-keeping would improve consistency, accountability, and institutional confidence.

- **Protection for professionals acting on recorded directions:** Clear protection may be provided to Resolution Professionals for actions taken strictly in accordance with properly recorded CoC directions. This would reduce undue personal risk and encourage timely and decisive execution.

5. IRP / RP-specific issues

5.1. Lack of standardised protocol for handover between IRP and RP

Issue:

- The transition from the Interim Resolution Professional to the Resolution Professional is a critical inflection point in the insolvency resolution process. In practice, this transition is frequently informal, inadequately documented, and dependent on individual practice rather than institutional standards. The absence of a structured handover protocol often results in loss of contextual understanding, incomplete transfer of records, repetition of work, and ambiguity regarding responsibility for past decisions. These deficiencies are particularly detrimental in complex cases where continuity of strategy and information is essential for timely resolution.

Recommendations:

- **Prescription of a mandatory handover framework:** A mandatory and standardised handover framework should be prescribed under the CIRP Regulations, requiring the outgoing IRP to prepare a comprehensive handover dossier for the incoming RP. This dossier should capture the complete status of claims, CoC constitution and voting shares, pending applications and litigation, valuation progress, information gaps, instances of non-cooperation, and key operational or regulatory risks. Such standardisation would ensure continuity, reduce reliance on informal knowledge transfer, and enhance procedural discipline.
- **Time-bound and auditable transition mechanism:** The handover process should be completed within a prescribed statutory timeframe and formally acknowledged by the RP. This acknowledgement should be filed before the Adjudicating Authority to create an auditable record of transition. A time-bound and documented process would clearly demarcate accountability and prevent disputes relating to legacy issues.
- **Liability demarcation and professional protection:** Clear liability demarcation should be introduced to ensure that the RP is not held responsible for deficiencies arising prior to handover, provided such issues were duly disclosed. This clarity would encourage transparent disclosure by the IRP and reduce defensive practices that undermine process integrity.

5.2. Inconsistent engagement between insolvency professionals and CoC

Issue:

- Inconsistent communication and engagement between Insolvency Professionals and the Committee of Creditors can lead to misunderstandings, delays, and misalignment

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on the resolution strategy. Such gaps may impair effective coordination and timely execution of the insolvency process.

Recommendations:

- **Structured communication protocols:** Structured communication protocols may be adopted to ensure regular, transparent, and timely information sharing between Insolvency Professionals and the CoC.
- **Early alignment on resolution strategy:** Early-stage discussions to align on resolution objectives, timelines, and expectations can significantly reduce friction and improve execution.
- **Enhanced reporting and disclosure standards:** Clear and consistent reporting by Insolvency Professionals on progress, risks, and key decisions would support informed CoC oversight and timely interventions.

5.3. Limited integration between Insolvency professionals and Valuers

Issue:

- Insufficient coordination and information flow between Insolvency Professionals and valuers often hampers the quality and timeliness of valuation exercises. Delayed access to data, incomplete records, and a lack of operational context adversely affect valuation accuracy.

Recommendations:

- **Structured coordination protocols:** Structured protocols may be prescribed to facilitate timely and comprehensive information sharing between Insolvency Professionals and valuers, including access to records, site visits, and management interactions.
- **Early engagement of valuers in CIRP:** Early engagement of valuers during the insolvency process would enable a better understanding of business operations, risks, and value drivers, thereby improving valuation outcomes.
- **Accountability for data integrity and timeliness:** Clear accountability mechanisms should be established to ensure the timely provision of accurate and complete data to valuers, reducing delays and valuation disputes.

5.4. RP / RP incentives, remuneration, and value maximisation challenges

Issue:

- Insolvency Professionals operate in an environment of significant statutory responsibility, personal accountability, and litigation risk. However, remuneration structures during insolvency proceedings often do not adequately reflect the complexity of cases, the scope of work involved, or the professional risk undertaken.
- Fee determination is largely controlled by the Committee of Creditors and is frequently delinked from case-specific factors such as duration, scale, regulatory engagement, avoidance actions, or forensic work. In several instances, remuneration is perceived as

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inadequate or uncertain, particularly in complex or protracted proceedings.

- At the same time, the existing framework offers limited incentives for Insolvency Professionals to pursue proactive, value-enhancing actions beyond procedural compliance. This combination of constrained remuneration and limited upside tends to encourage conservative approaches, potentially resulting in missed opportunities for value recovery and maximisation.

Recommendations:

- **Transparent and indicative fee frameworks:** A transparent and indicative fee framework may be developed to guide remuneration, linked to parameters such as case size, complexity, duration, and scope of responsibilities. While preserving the commercial discretion of the CoC, such guidance would promote predictability, fairness, and informed fee approval.
- **Recognition of professional risk and accountability:** Fee determination should explicitly factor in the statutory duties, personal liability exposure, and regulatory risk borne by Insolvency Professionals. Appropriate recognition of these factors would incentivise diligence and reinforce the quality of insolvency administration.
- **Outcome-oriented incentive structures:** Outcome-based or success-linked incentives aligned with value maximisation may be considered, subject to suitable safeguards to manage conflicts of interest. Such structures would encourage proactive recovery efforts, particularly in complex or value-sensitive cases.
- **Encouraging commercial innovation within CIRP:** Policy guidance may encourage commercially innovative and value-enhancing approaches within CIRP, provided such approaches are transparent, well-documented, and aligned with stakeholder interests.
- **Recognition of professional excellence and best practices:** Institutional recognition of exemplary insolvency practices can reinforce a culture of professionalism, innovation, and value maximisation across the insolvency ecosystem.

5.5. IRP / RP professional risk exposure and safeguards

Issue:

- Insolvency Professionals operate under significant personal and professional risk, including regulatory scrutiny, litigation exposure, and potential liability. In many cases, these risks are not matched by clear standards or adequate institutional support.
- This risk environment often leads to cautious and defensive behaviour. Insolvency Professionals may hesitate to take timely or commercially sound decisions, particularly where actions are likely to attract challenge or scrutiny. The impact is most pronounced in matters involving fraud, avoidance transactions, and complex litigation, where personal exposure is perceived to be especially high.
- Over time, this imbalance between responsibility and protection can weaken proactive conduct and reduce the effectiveness of value recovery efforts under the insolvency framework.

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Recommendations:

- **Proportionate regulatory oversight:** Regulatory supervision should clearly distinguish between good-faith professional judgment and wilful misconduct. A proportionate approach would support confident decision-making while maintaining accountability.
- **Clear liability standards:** Clear guidance on liability standards applicable to Insolvency Professionals would reduce uncertainty and promote consistency in regulatory action.
- **Safe harbour for good-faith actions:** appropriate safe-harbour protections may be considered for insolvency professionals acting in good faith and with due diligence, particularly when pursuing fraud and avoidance proceedings.
- **Stronger institutional support:** Advisory support and timely regulatory guidance may be strengthened to assist Insolvency Professionals in complex or contentious matters, including litigation-heavy cases.

6. Practical implementation challenges observed

6.1. Inadequate and inconsistent treatment of contingent and disputed claims

Issue:

- Contingent and disputed claims present persistent challenges in insolvency proceedings, particularly in relation to claim admission, voting rights, and distribution. Inconsistent treatment across cases leads to disputes, litigation, and delays, undermining predictability and fairness.

Recommendations:

- **Standardised classification and admission framework:** A uniform framework should be prescribed for classification, provisional admission, and treatment of contingent and disputed claims. This framework should clearly address voting rights, valuation assumptions, and adjustment mechanisms.
- **Dynamic adjustment mechanisms:** Mechanisms should allow for post-admission adjustment of such claims based on crystallisation or adjudication outcomes, without reopening the entire resolution process. This would balance flexibility with finality.
- **Enhanced disclosure and communication:** Clear disclosure of treatment methodology for such claims would reduce disputes and improve stakeholder understanding of resolution outcomes.

6.2. Inconsistent treatment of government and statutory claims

Issue:

- Despite judicial clarity on the treatment of government and statutory claims, inconsistent behaviour by authorities continues to undermine the clean-slate principle. Post-approval recovery actions create uncertainty and discourage resolution applicants.

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Recommendations:

- Issuance of binding inter-departmental directions: Clear and binding directions should be issued to all government departments and statutory authorities to ensure consistent adherence to approved resolution plans.
- **Accountability mechanisms for non-compliance:** Mechanisms should be introduced to hold authorities accountable for actions that contravene approved resolution outcomes.
- **Strengthening legal finality of resolution plans:** Policy measures should reinforce the finality and binding nature of approved resolution plans to restore confidence among investors.

6.3. Inconsistent interpretation and application of moratorium provisions

Issue:

- Despite statutory clarity under the Insolvency and Bankruptcy Code, moratorium provisions are applied inconsistently across adjudicating authorities, enforcement agencies, and statutory bodies. Parallel proceedings, coercive actions, and attachment orders are often initiated or continued during the moratorium period, undermining the protective intent of the Code. Such inconsistency exposes the corporate debtor to fragmented enforcement, disrupts business continuity, and erodes stakeholder confidence.

Recommendations:

- **Issuance of binding clarificatory directions on moratorium scope:** Authoritative and binding clarifications should be issued, delineating the scope, applicability, and effect of moratorium provisions across all categories of proceedings and authorities. Uniform interpretation is essential to ensure effective protection of the corporate debtor during CIRP.
- **Institutional coordination with enforcement and statutory authorities:** Formal coordination protocols should be established between insolvency authorities and enforcement agencies to prevent conflicting actions during the moratorium. Institutional alignment would significantly reduce violations and procedural uncertainty.
- **Accountability mechanisms for moratorium violations:** Clear accountability and remedial mechanisms should be introduced to address violations of the moratorium, including time-bound corrective directions and consequences for repeated non-compliance.

6.4. Inadequate consideration of sector-specific insolvency nuances

Issue:

- Sector-specific characteristics in industries such as real estate, infrastructure, NBFCs, and technology companies significantly influence insolvency dynamics. Generic procedural approaches often fail to adequately account for these nuances, resulting in ineffective resolution strategies and delayed outcomes.

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Recommendations:

- **Development of sector-specific insolvency protocols:** Tailored procedural guidance should be developed for key sectors, addressing unique operational, regulatory, and financial characteristics affecting insolvency resolution.
- **Institutional use of sectoral experts:** Structured engagement of sector experts should be institutionalised to support adjudicating authorities and insolvency professionals in sector-specific cases.
- **Periodic review and updating of sectoral protocol:** Sectoral protocols should be periodically reviewed to remain aligned with evolving industry practices and risks.

6.5. Absence of clear guidance on treatment of employee and workmen claims beyond statutory minimums

Issue:

- While the Insolvency and Bankruptcy Code provides clarity on statutory dues payable to employees and workmen, ambiguity persists in relation to non-statutory claims such as performance-linked incentives, bonuses, gratuity components beyond statutory thresholds, ESOPs, and other contractual or discretionary benefits. In the absence of uniform guidance, such claims are treated inconsistently across cases, leading to disputes, employee dissatisfaction, attrition of key personnel, and, in some cases, operational instability during CIRP.

Recommendations:

- **Establishment of a clear classification framework for employee claims:** A clear and uniform classification framework should be prescribed, distinguishing between statutory employee dues, contractual entitlements, and discretionary or contingent benefits. This classification would provide a consistent basis for claim admission, prioritisation, and treatment across insolvency proceedings, reducing ambiguity and disputes.
- **Mandatory disclosure of employee claim treatment in resolution plans:** Resolution plans should be required to explicitly disclose the proposed treatment of each category of employee and workmen claims. Such disclosure would enhance transparency, allow affected employees to understand the implications clearly, and reduce post-approval challenges and industrial unrest.
- **Balancing workforce stability with resolution objectives:** Where retention of employees is critical for preserving going-concern value, the framework should allow limited flexibility for enhanced treatment of certain employee claims, subject to disclosure and CoC approval. This balanced approach would align workforce stability with value maximisation objectives.

6.6. Absence of a framework for managing conflicts among financial creditors

Issue:

- Conflicting commercial interests among different classes of financial creditors, such as secured, unsecured, dissenting, or homebuyer creditors, often impede effective

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CoC functioning. In the absence of a structured conflict-management framework, such disputes escalate into procedural delays and litigation.

Recommendations:

- **Introduction of a formal inter-creditor conflict management framework:** A structured conflict-management framework should be introduced to identify, categorise, and address inter-creditor disputes at an early stage. This would allow resolution of disagreements through structured dialogue rather than adversarial escalation.
- **Use of neutral facilitation mechanisms:** In cases involving entrenched creditor conflicts, neutral facilitators or mediators may be engaged to assist the CoC in reaching informed commercial decisions without undermining creditor autonomy.
- **Enhanced recording of divergent positions:** Dissenting views should be clearly recorded and reasoned in CoC minutes, enhancing transparency and strengthening the defensibility of collective decisions.

6.7. Absence of a defined protocol for replacement or retention of key management personnel

Issue:

- Decisions regarding retention or replacement of key managerial personnel during CIRP are often taken on an ad-hoc basis, without clear criteria or documented rationale. Such uncertainty can disrupt operations, weaken accountability, and adversely affect stakeholder confidence, particularly in businesses where continuity of management expertise is critical.

Recommendations:

- **Introduction of a criteria-based management continuity framework:** A structured framework should be prescribed, outlining objective criteria for assessing whether key managerial personnel should be retained or replaced. These criteria may include integrity, competence, cooperation with the insolvency process, and relevance to ongoing operations.
- **Provision for temporary professional management support:** Where immediate replacement is necessary, or continuity is compromised, the framework should allow engagement of interim professional managers or turnaround specialists. Such arrangements would ensure operational stability while safeguarding the interests of stakeholders.
- **Documentation and disclosure of management decisions:** Decisions relating to management continuity should be properly documented and disclosed to the CoC, ensuring transparency and accountability.

6.8. Weak post-approval monitoring and supervision of resolution plans

Issue:

- Once a resolution plan is approved, monitoring mechanisms are often weak, informal, or inconsistently applied. This results in implementation delays, deviation from

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approved terms, and disputes, undermining the credibility of the insolvency framework and exposing stakeholders to execution risk.

Recommendations:

- **Standardised post-approval monitoring framework:** A uniform post-approval monitoring framework should be prescribed, specifying reporting obligations, milestones, and escalation mechanisms. Standardisation would improve accountability and predictability.
- **Strengthening role and authority of monitoring committees:** Monitoring committees should be vested with clear authority, defined responsibilities, and access to information to effectively oversee plan implementation and address deviations on time.
- **Regulatory oversight of implementation outcomes:** Regulatory oversight mechanisms may be strengthened to track implementation performance and intervene where systemic or repeated failures are observed.

6.9. Delays between resolution plan approval and transfer of control

Issue:

- Significant delays often occur between approval of a resolution plan and transfer of control to the resolution applicant. Administrative formalities, regulatory clearances, and operational handover issues contribute to uncertainty, business disruption, and erosion of enterprise value.

Recommendations:

- **Prescribing time-bound post-approval milestones:** Statutory or regulatory timelines should be prescribed for key post-approval milestones, including capital infusion, management transition, and operational handover, to reduce execution uncertainty.
- **Single-window facilitation for plan implementation:** A facilitation mechanism may be established to address implementation-related bottlenecks, including coordination with regulators and authorities, enabling a smoother transition.
- **Interim protection measures during transition period:** Interim governance and protection measures may be prescribed to safeguard operations and assets during the transition phase.

6.10. Absence of structured outcome measurement and feedback mechanism

Issue:

- The insolvency framework currently lacks structured mechanisms to assess resolution quality, sustainability, and post-resolution performance. Absence of outcome measurement limits evidence-based policy refinement and institutional learning.

Recommendations:

- **Development of outcome metrics and benchmarks:** Standardised metrics should be developed to assess recovery quality, time efficiency, sustainability of resolution, and

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stakeholder satisfaction.

- **Institutional feedback loops into policy design:** Outcome data should be systematically analysed and integrated into regulatory and policy refinement to ensure continuous improvement of the insolvency framework.
- **Public reporting and transparency of outcomes:** Aggregated and anonymised outcome data may be published to enhance transparency and accountability.

7. Valuation-specific issues

7.1. Governance, independence, and risk exposure of valuers

Issue:

- Valuers engaged in insolvency proceedings operate under significant professional risk and liability exposure. In the absence of clear liability standards and adequate safeguards, this risk environment often leads to conservative and defensive valuation approaches.
- Concerns around regulatory scrutiny, litigation risk, and stakeholder challenge may compromise valuer independence and result in undervaluation. These behaviours not only affect value maximisation but also contribute to disputes and loss of confidence in valuation outcomes.

Recommendations:

- **Clarification of valuer liability standards:** Clear guidance may be issued, distinguishing bona fide professional judgment from misconduct. Such clarity would reduce undue risk aversion while preserving accountability.
- **Strengthening independence safeguards:** Safeguards to protect valuer independence may be reinforced through transparent appointment processes, appropriate rotation mechanisms, and protection from undue stakeholder influence.
- **Encouraging balanced and defensible valuation judgments:** Valuers should be encouraged to adopt balanced, well-documented, and defensible valuation approaches, supported by transparent assumptions and sensitivity analyses.

7.2. Challenge of consistency and conceptual clarity in valuation outcomes

Issue:

- Valuation outcomes in insolvency proceedings often vary significantly across cases due to differences in assumptions, methodologies, and the interpretation of valuation concepts. In particular, inconsistent understanding and application of fair value and liquidation value have led to confusion in decision-making.
- In some cases, undue reliance on liquidation value as a benchmark undermines the resolution-centric philosophy of the Code and discourages viable resolution outcomes. Such inconsistencies complicate CoC deliberations, weaken creditor confidence, and increase the likelihood of disputes.

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Recommendations:

- **Harmonisation of valuation approaches and assumptions:** Regulatory guidance may promote greater consistency in valuation approaches by prescribing minimum disclosure requirements relating to assumptions, methodologies, sensitivity analyses, and key value drivers.
- **Conceptual clarification of fair value and liquidation value:** Clear guidance may be issued to reinforce the distinct purpose of fair value and liquidation value, emphasising that liquidation value represents a floor and not a benchmark for value maximisation.
- **Structured use of valuation inputs in CoC decision-making:** Guidance may be developed on how valuation inputs should be interpreted and used by the CoC, ensuring that valuation informs, rather than constrains, commercial decision-making.
- **Enhancing creditor understanding of valuation limitations:** Targeted orientation and capacity-building initiatives for creditors may improve understanding of valuation methodologies and inherent uncertainties, reducing unrealistic expectations and disputes.

7.3. Issue of procedural complexity, multiplicity of valuations, and dispute resolution

Issue:

- The conduct of multiple valuations, particularly in smaller or less complex cases, often results in disproportionate cost and procedural burden without commensurate benefits. Multiplicity of valuation reports, combined with limited mechanisms for reconciliation, increases delays and creates fertile ground for disputes.
- Valuation differences frequently escalate into litigation, prolonging resolution timelines and increasing costs, even where disputes arise primarily from methodological differences or misunderstanding of valuation assumptions.

Recommendations:

- **Proportionality-based valuation framework:** A proportionality-based approach may be adopted, calibrating the number and depth of valuations to the size, complexity, and risk profile of the corporate debtor.
- **Flexibility for low-risk or smaller cases:** In cases involving straightforward asset structures or smaller corporate debtors, regulatory flexibility may allow reliance on a single valuation, subject to appropriate disclosures and safeguards.
- **Strengthening reconciliation and pre-emptive resolution mechanisms:** Mechanisms such as reconciliation meetings, expert clarification sessions, or appointment of a coordinating valuer may be encouraged to address valuation differences early and prevent escalation into litigation.
- **Limiting routine litigation on valuation grounds:** Judicial and regulatory guidance may discourage routine challenges to valuation outcomes, recognising valuation

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as an estimate based on professional judgment unless material irregularities are demonstrated.

7.4. Challenges of valuation in litigation, recovery assessment, and avoidance actions

Issue:

- Valuation of litigation claims, including avoidance actions, presents distinct challenges due to the uncertainty of outcomes, timelines, costs, and enforceability. The absence of established valuation methodologies limits informed decision-making on whether to pursue, fund, or settle such actions, potentially affecting recovery outcomes.

Recommendations:

- **Development of litigation valuation methodologies:** Guidance may be developed on valuation methodologies for litigation and avoidance claims, incorporating probability-weighted outcomes and cost-benefit analysis.
- **Integration of valuation into litigation strategy:** Valuation inputs should be systematically integrated into decisions relating to the pursuit, settlement, or funding of litigation actions to support informed and timely choices.
- **Capacity building on litigation valuation:** Targeted training for Insolvency Professionals and valuers on litigation valuation techniques may be undertaken to strengthen strategic recovery assessment.

7.5. Valuation of Intangible assets and business synergies

Issue:

- Valuation of intangible assets, such as intellectual property, brand value, customer relationships, and business synergies, remains a significant challenge in insolvency proceedings. These elements are often inadequately captured, leading to undervaluation of enterprise potential and suboptimal resolution outcomes.

Recommendations:

- **Development of sector-specific valuation guidance:** Sector-specific valuation guidance may be developed to address the valuation of intangibles and synergies in industries where such assets constitute a significant portion of enterprise value. This would improve consistency and depth of valuation analysis.
- **Mandatory disclosure of intangible value drivers:** Valuation reports may be required to explicitly identify and assess key intangible value drivers, along with assumptions and limitations, enabling informed evaluation by stakeholders.
- **Capacity Building for Valuers and Insolvency Professionals:** Targeted training programmes focusing on the valuation of intangibles, business models, and synergies should be prioritised to enhance professional competence in this area.

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8. Avoidance Transactions

8.1. Challenges in identification and pursuit of avoidance transactions

Issue:

- Insolvency Professionals face considerable challenges in identifying preferential, undervalued, extortionate, and fraudulent transactions within the statutory look-back periods. Incomplete records, non-cooperation by promoters and related parties, and information asymmetry significantly impede timely identification. As a result, value-accretive avoidance actions are often delayed or inadequately pursued, undermining recovery prospects for creditors.

Recommendations:

- **Strengthening information access and disclosure obligations:** Statutory and regulatory mechanisms should be strengthened to mandate comprehensive, timely, and accurate disclosure of financial records by corporate debtors, promoters, and related parties. Clear consequences for non-compliance would materially improve the ability of Insolvency Professionals to identify avoidance transactions at an early stage.
- **Early and parallel examination of avoidance transactions:** Avoidance analysis should commence at the earliest stage of CIRP and proceed in parallel with resolution efforts. Early identification enables informed resolution planning and prevents loss of recovery opportunities due to procedural delays.
- **Standardised forensic and transaction review frameworks:** Development of standardised forensic review protocols and checklists can assist Insolvency Professionals in systematically identifying potential avoidance transactions, ensuring consistency and completeness across cases.

8.2. High burden of proof in fraudulent transaction proceedings

Issue:

- Proceedings relating to fraudulent transactions entail a high burden of proof, requiring Insolvency Professionals to establish intent and causation. Given the inherent information asymmetry and lack of cooperation by erstwhile management, meeting this evidentiary threshold is often challenging, leading to prolonged litigation and uncertain outcomes.

Recommendations:

- **Evidentiary support through enhanced forensic tools:** Greater reliance on forensic accounting tools, digital evidence, and data analytics may be encouraged to strengthen evidentiary support in fraudulent transaction proceedings.
- **Procedural guidance on evidentiary thresholds:** Judicial or regulatory guidance clarifying evidentiary standards applicable to fraudulent transaction claims would enhance predictability and reduce interpretational uncertainty.
- **Time-bound adjudication of fraud-related applications:** Dedicated timelines for adjudication of fraudulent transaction applications may be considered to prevent prolonged litigation and value erosion.

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8.3. Delays in Adjudication of avoidance applications

Issue:

- Avoidance transaction applications often remain pending for extended periods, even after completion of CIRP. Such delays weaken enforcement, reduce deterrence, and delay realisation of recoveries, thereby diminishing the overall effectiveness of the insolvency framework.

Recommendations:

- **Prioritisation of avoidance proceedings:** Adjudicating authorities may prioritise avoidance transaction applications, particularly those with significant recovery potential, to ensure timely resolution.
- **Procedural streamlining and separate dockets:** Dedicated procedural tracks or dockets for avoidance matters may be considered to prevent such applications from being subsumed within general insolvency caseloads.
- **Post-CIRP continuity mechanisms:** Clear mechanisms should be prescribed to ensure continuity in pursuit of avoidance actions post-CIRP, including appointment clarity and funding arrangements.

8.4. Lack of settlement mechanisms for avoidance transactions

Issue:

- The current insolvency framework does not provide a structured mechanism for the settlement of avoidance transactions. This results in prolonged litigation even in cases where commercial settlement may yield faster and more efficient recoveries.

Recommendations:

- **Introduction of settlement frameworks for avoidance actions:** Consideration may be given to introducing structured settlement mechanisms for avoidance transactions, subject to safeguards and oversight, to facilitate quicker recoveries.
- **Judicial oversight to prevent abuse:** Any settlement framework should operate under judicial oversight to ensure transparency, fairness, and protection of creditor interests.
- **Learning from international best practices:** Global best practices, particularly from jurisdictions such as the United Kingdom, may be studied and adapted to the Indian insolvency context.

8.5. Funding constraints in pursuing avoidance and litigation actions

Issue:

- Insolvency estates often lack sufficient funds to pursue complex and resource-intensive litigation, including avoidance actions. Funding constraints discourage Insolvency Professionals from initiating proceedings with strong recovery potential, thereby impacting value maximisation.

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Recommendations:

- **Enabling litigation funding mechanisms:** The insolvency framework may explicitly recognise and regulate third-party litigation funding mechanisms, subject to transparency and conflict-of-interest safeguards.
- **CoC-approved funding structures:** Committees of Creditors may be encouraged to approve dedicated budgets or contingency-based funding arrangements for value-accretive litigation.
- **Recovery-sharing models:** Adoption of recovery-sharing models, where funders receive a share of realised recoveries, may be explored to align incentives and reduce upfront funding burdens.

9. Capacity constraints & litigation spillovers

9.1. Capacity constraints at Adjudicating Authorities

Issue:

- Capacity constraints at adjudicating authorities continue to pose significant challenges to the timely admission and completion of insolvency proceedings under the Insolvency and Bankruptcy Code, 2016. The growing volume and complexity of insolvency cases, coupled with limited judicial and technical benches, infrastructure constraints, and administrative bottlenecks, have resulted in mounting pendency. These constraints undermine the time-bound resolution objective of the Code, lead to erosion of enterprise value, and adversely impact stakeholder confidence.

Recommendations:

- **Augmentation of Judicial and technical capacity:** There is a critical need to augment the judicial and technical capacity of adjudicating authorities through the establishment of additional benches dedicated exclusively to insolvency matters. This includes timely filling of vacancies, appointment of technical members with sectoral and financial expertise, and deployment of domain specialists to support complex insolvency cases. Strengthening bench strength will directly reduce pendency and improve consistency in insolvency adjudication.
- **Strengthening physical and digital infrastructure:** Investment in both physical infrastructure and digital adjudication capabilities is essential. Modern courtrooms, digitised filings, electronic case records, and virtual hearing facilities should be institutionalised to enhance efficiency. Robust infrastructure will enable faster hearings, reduce administrative delays, and support uniform implementation across jurisdictions.
- **Dedicated insolvency case administration framework:** A specialised insolvency registry with trained personnel should be established to handle filings, compliance monitoring, and procedural scrutiny. Such a dedicated administrative framework would reduce judicial burden, streamline workflows, and ensure that adjudicating authorities can focus on substantive legal and commercial issues.

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9.2. Increasing complexity and scale of insolvency cases

Issue:

- The insolvency ecosystem is increasingly confronted with cases involving large corporate debtors, diversified business operations, complex financial structures, sector-specific regulatory overlays, and multi-jurisdictional footprints. Such complexity places substantial pressure on adjudicating authorities, insolvency professionals, valuers, and other stakeholders. Existing procedural frameworks and institutional capacities are often insufficient to address these challenges efficiently, resulting in delays, inconsistent outcomes, and suboptimal value realisation.

Recommendations:

- **Specialised Adjudication mechanisms for complex insolvencies:** Dedicated benches or specialised procedural tracks may be instituted for handling large and complex insolvency cases. Such specialisation would allow adjudicating authorities to develop subject-matter familiarity, ensure continuity of hearings, and improve the quality and speed of decision-making in complex matters.
- **Integration of technical and sectoral expertise:** The insolvency framework should formally enable access to sector-specific experts, financial specialists, and technical advisors to assist adjudicating authorities and insolvency professionals in complex cases. Structured expert support would improve assessment of business viability, resolution strategies, and valuation assumptions, thereby strengthening outcome credibility.
- **Advanced capacity building for insolvency professionals and valuers:** Targeted and advanced training programmes focusing on large corporate restructurings, sectoral complexities, and multi-layered financial structures should be prioritised. Strengthening professional capability is critical to ensuring effective handling of complex insolvency cases without procedural drift.

9.3. Litigation spillovers and dispute resolution gaps

Issue:

- Prolonged and fragmented litigation arising during insolvency proceedings, particularly in relation to avoidance, fraud, and recovery actions, often undermines resolution objectives. Such litigation diverts managerial and adjudicatory attention, consumes time and resources, and delays economic closure.
- Many of these disputes, especially those involving valuation differences, inter-creditor disagreements, or implementation-related issues, are suitable for early resolution through alternative dispute resolution mechanisms. However, ADR remains under-utilised within the insolvency framework, resulting in avoidable escalation of disputes into formal litigation.
- The combined effect is increased procedural friction, extended timelines, and dilution of the time-bound and resolution-centric philosophy of the Code.

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Recommendations:

- **Strategic litigation and dispute management frameworks:** Insolvency Professionals may adopt structured frameworks to assess, prioritise, and manage disputes, distinguishing high-impact enforcement actions from matters suitable for early settlement or alternative resolution.
- **Formal integration of ADR into insolvency proceedings:** ADR mechanisms may be formally integrated for the resolution of non-core and process-related disputes arising during insolvency proceedings, without compromising statutory rights or resolution timelines.
- **Empanelment of specialised insolvency mediators:** Panels of trained and specialised insolvency mediators may be established to facilitate efficient and informed resolution of insolvency-related disputes.
- **Judicial discipline in entertaining routine challenges:** Judicial and regulatory guidance discouraging routine or speculative challenges, particularly in avoidance and valuation matters, would help reduce litigation-driven delays.
- **Incentivising early settlement of disputes:** Procedural incentives may be introduced to encourage early settlement through ADR, including cost consequences for unnecessary litigation and recognition of timely dispute resolution.
- **Balancing enforcement with resolution finality:** Policy measures should ensure that enforcement actions, including avoidance proceedings, are pursued in a manner that complements timely resolution and economic finality, rather than prolonging proceedings indefinitely.

10. Cross-Border and Group Insolvency

10.1. Absence of a fully operational and effective cross-border insolvency framework

Issue:

- The absence of a fully operational and effective cross-border insolvency framework significantly constrains the resolution of cases involving overseas assets, foreign creditors, or multinational operations. In such cases, insolvency proceedings often become fragmented across jurisdictions, resulting in parallel processes, enforcement difficulties, jurisdictional conflicts, duplication of effort, and inconsistent outcomes. These challenges lead to delays, increased costs, erosion of enterprise value, and reduced recoveries for stakeholders.
- The lack of legal certainty around recognition of foreign proceedings, cooperation between domestic and foreign courts, and coordination with foreign insolvency representatives further undermines predictability and coherence in cross-border cases. Collectively, these deficiencies weaken India's ability to effectively manage multinational insolvencies and adversely affect its attractiveness as a restructuring and resolution jurisdiction.

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Recommendations:

- **Expeditious operationalisation of Cross-border insolvency provisions:** Proposed cross-border insolvency provisions should be operationalised at the earliest through subordinate legislation aligned with internationally recognised principles. Timely implementation will provide legal certainty and enhance India's ability to handle cross-border insolvency cases effectively.
- **Clear rules for recognition, cooperation, and coordination:** Detailed procedural rules should be prescribed to govern recognition of foreign insolvency proceedings, cooperation between domestic and foreign courts, and coordination with foreign insolvency representatives. Such clarity is essential to avoid jurisdictional conflicts and ensure coherent resolution outcomes.
- **Institutional and professional preparedness:** Capacity-building initiatives, guidance notes, and standard operating procedures should be developed to prepare adjudicating authorities and insolvency professionals for cross-border insolvency cases. Professional readiness is critical to translating legislative intent into effective practice.

10.2. Absence of a comprehensive and codified Group Insolvency framework

Issue:

- The current insolvency framework addresses insolvency at an entity level and does not provide a comprehensive mechanism for coordinated resolution of corporate groups. In practice, group entities are often economically interdependent through shared assets, guarantees, operational linkages, and financing structures.
- In the absence of a comprehensive and codified group insolvency framework, insolvency proceedings involving interconnected corporate entities are conducted in a fragmented manner. Separate proceedings across group entities often result in duplication of effort, inconsistent decisions, erosion of synergies, and suboptimal value realisation at the group level.

Recommendations:

- **Introduction of a statutory Group Insolvency framework:** A dedicated statutory framework enabling coordinated insolvency proceedings for corporate groups should be introduced. Such a framework should facilitate group-level resolution strategies while preserving the principle of legal separateness of individual entities.
- **Structured coordination with creditor safeguards:** The framework should permit coordination of timelines, information sharing, and resolution planning across group entities, accompanied by safeguards to protect minority creditors and entity-specific interests. Balanced coordination is essential to prevent value transfer or prejudice among stakeholders.
- **Procedural clarity and role definition:** Clear procedural guidance should be issued defining the roles and responsibilities of insolvency professionals, creditors, and adjudicating authorities in group insolvency cases. Procedural certainty will enhance predictability and stakeholder confidence.

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- **Creditor protection and safeguards within group resolution:** Specific safeguards must be built into the group insolvency framework to protect minority and entity-level creditors. These safeguards may include separate voting classes, enhanced disclosure requirements, and clear allocation methodologies for recoveries across group entities.

  Such protections are essential to ensure that coordination does not result in prejudice to creditors of solvent or less-stressed group entities and to maintain confidence in the insolvency framework.

10.3. Operational and procedural challenges in implementing Group Insolvency

Issue:

- Even where legislative intent exists to introduce group insolvency, significant operational challenges arise in implementation. These include jurisdictional allocation, appointment of insolvency professionals, coordination among multiple Committees of Creditors, and management of information flows across entities. Without clear procedural guidance, group insolvency risks become administratively complex and inefficient.

Recommendations:

- **Detailed procedural rules and standard operating protocols:** Subordinate legislation should prescribe detailed procedural rules governing the initiation, conduct, and conclusion of group insolvency proceedings. These rules should address jurisdictional allocation, appointment, and the role of common or coordinating insolvency professionals, and modalities of inter-entity coordination.

  Clear standard operating protocols would reduce uncertainty and enable consistent application across cases and adjudicating authorities.

- **Appointment of a group coordinator or coordinating RP:** The framework may provide for the appointment of a group coordinator or coordinating resolution professional responsible for overseeing inter-entity coordination, information sharing, and alignment of resolution strategies. This role should be clearly defined to avoid overlap or conflict with entity-level resolution professionals.

  Such coordination would significantly improve efficiency while maintaining accountability at the entity level.

- **Harmonised timelines and information architecture:** Group insolvency proceedings should adopt harmonised timelines and a unified information architecture to facilitate coherent decision-making across entities. Consistent data formats, shared data rooms, and aligned disclosure standards would reduce friction and improve resolution quality.

11. Systemic governance gaps

11.1. System design & reform philosophy

Issue:

- The insolvency framework is fundamentally economic in character, aimed at timely resolution and value maximisation. However, in practice, procedural formalism and

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excessive legalism often override economic logic. Routine procedural issues frequently consume disproportionate attention, delaying resolution and diluting the Code's core economic objectives.

- At the same time, insolvency reforms have largely evolved reactively and incrementally, driven by immediate challenges rather than a coherent long-term vision. The absence of an articulated reform philosophy and strategic roadmap has led to piecemeal interventions, uneven capacity development, and limited institutional predictability. Together, these factors constrain ecosystem maturity and weaken the ability of the insolvency framework to adapt consistently to economic realities.

Recommendations:

- **Reaffirming the economic character of the insolvency framework:** Policy and judicial guidance should consistently reinforce that the insolvency framework is economic in nature, with value maximisation and timely resolution as its central objectives. Procedural rules should serve these objectives rather than operate as ends in themselves.
- **Procedural simplification for routine matters:** Routine and low-risk procedural matters may be streamlined through standardisation and simplified processes, allowing adjudicatory and professional focus to remain on substantive economic and commercial issues.
- **Judicial and institutional capacity building on commercial principles:** Targeted capacity-building initiatives for adjudicators and regulators on commercial, financial, and valuation principles would strengthen alignment between legal processes and economic outcomes.
- **Development of a long-term insolvency reform roadmap:** A comprehensive, forward-looking roadmap can guide insolvency reforms, outlining phased legal changes, capacity-building priorities, and ecosystem development goals over the medium to long term.
- **Institutionalised and periodic policy review mechanisms:** Structured and periodic policy reviews should replace ad hoc amendments, ensuring that reforms remain coherent, predictable, and aligned with evolving economic conditions.
- **Sustained stakeholder engagement in strategic planning:** Ongoing engagement with insolvency professionals, creditors, adjudicating authorities, and other stakeholders would ensure that reform initiatives are informed by practical experience and future-oriented needs.

11.2. Weak institutional memory and knowledge codification

Issue:

- Lessons learned from insolvency cases are not systematically captured or disseminated, resulting in repeated errors and missed opportunities for improvement.

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Recommendations:

- **Creation of centralised knowledge repository:** A central repository of anonymised case studies, best practices, and lessons learned should be developed.
- **Integration of knowledge into training and guidance:** Insights from past cases should inform professional education, guidance notes, and policy updates.
- **Continuous learning frameworks:** Institutional learning should be embedded as a continuous process rather than ad hoc initiatives.

11.3. Absence of defined quality standards for the information memorandum

Issue:

- Although the Information Memorandum is central to the resolution process, its quality, depth, and reliability vary significantly across cases. Inadequate disclosure of data limitations, operational risks, litigation exposure, regulatory constraints, and ESG liabilities undermines bidder confidence and often leads to conservative or non-competitive resolution plans.

Recommendations:

- **Prescription of minimum quality and disclosure standards:** Regulations should prescribe minimum qualitative standards for Information Memoranda, requiring explicit disclosure of assumptions, data gaps, contingent liabilities, litigation exposure, regulatory risks, and environmental or social obligations. This would ensure that resolution applicants can realistically assess risk and submit informed plans.
- **Accountability for material omissions and misstatements:** Clear accountability should be fixed for material omissions or misrepresentations in the Information Memorandum, while simultaneously recognising limitations arising from non-cooperation or unavailable records. Such balanced accountability would improve diligence without creating unreasonable professional risk.
- **Periodic updating of information memorandum:** In cases involving extended CIRP timelines, the Information Memorandum should be mandatorily updated at defined milestones to reflect material developments, ensuring that decision-making remains current and credible.

11.4. Risk of excessive standardisation undermining professional judgment

Issue:

- While standardisation enhances consistency, excessive rigidity may constrain professional judgment and discourage innovative, commercially sound solutions tailored to specific cases.

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Recommendations:

- **Principle-based regulatory design:** Regulatory guidance should remain principle-based, allowing flexibility for reasoned deviation supported by disclosure and documentation.
- **Safeguarding space for professional innovation:** Professionals should be encouraged to adopt innovative approaches where justified by case-specific considerations, without fear of disproportionate scrutiny.
- **Balanced oversight mechanisms:** Oversight frameworks should balance consistency with flexibility, recognising the diversity of insolvency cases.

12. Impact of AI and technological advancement on insolvency outcomes

12.1. Rapid obsolescence of business models due to technological disruption

Issue:

- Technological disruption, particularly driven by artificial intelligence, automation, and platform-based business models, has significantly shortened business life cycles. Enterprises may become unviable within compressed timeframes due to technological obsolescence rather than traditional financial distress. The existing insolvency framework, which assumes gradual deterioration, is not fully aligned to address such rapid value erosion.

Recommendations:

- **Recalibration of early warning and distress identification mechanisms:** Early warning frameworks under the insolvency regime should be recalibrated to account for technology-driven disruption indicators, such as rapid loss of market relevance, platform dependency risks, and technological redundancy. Incorporating such indicators would allow earlier intervention before irreversible value erosion occurs.
- **Alignment of insolvency timelines with technology cycles:** Resolution timelines may require recalibration for technology-intensive businesses, where delays can irreversibly destroy value. Fast-track mechanisms, subject to safeguards, should be explored for cases where technological obsolescence is the primary driver of distress.
- **Sector-sensitive insolvency policy design:** Insolvency policy should recognise that technology-driven enterprises require differentiated treatment. Sector-sensitive approaches would enable a more realistic assessment of viability and resolution potential.

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12.2. Inadequacy of traditional valuation frameworks for ai and data-driven businesses

Issue:

- Traditional valuation frameworks are often ill-suited to capture the value of AI-driven businesses, where enterprise value is heavily dependent on data assets, algorithms, network effects, and platform scalability. Failure to appropriately value such assets leads to systematic undervaluation and weak resolution outcomes.

Recommendations:

- **Development of AI and Data-specific valuation guidance:** Valuation standards should be expanded to provide specific guidance on valuation of data assets, algorithms, machine-learning models, and platform-based businesses. Such guidance must address issues of data quality, ownership, transferability, and regulatory constraints.
- **Mandatory disclosure of technology-related value drivers:** Valuation reports for technology-driven enterprises should mandatorily disclose key technology-related value drivers, assumptions, risks, and obsolescence factors. Enhanced disclosures would allow creditors to make informed decisions.
- **Specialist valuation capability development:** Capacity-building initiatives should focus on developing specialist valuation expertise in technology and AI-driven sectors. Without such expertise, valuation reforms will remain ineffective.

12.3. Uncertainty in treatment and transferability of data and digital assets

Issue:

- Data and digital assets form a core component of value in modern enterprises. However, uncertainty persists regarding ownership, transferability, licensing, and regulatory compliance of such assets during insolvency. This uncertainty undermines valuation, resolution planning, and recoverability.

Recommendations:

- **Legal clarification on data ownership and transferability:** Clear legal guidance is required on ownership, usage rights, and transferability of data assets during insolvency, particularly where data is subject to contractual, privacy, or localisation restrictions.
- **Integration of data protection and insolvency frameworks:** Insolvency processes should be harmonised with data protection and privacy laws to ensure lawful transfer and use of data assets without exposing resolution applicants to regulatory risk.
- **Standardised treatment of digital assets in resolution plans:** Resolution plans should be required to explicitly address treatment, protection, and transfer of data and digital assets to enhance certainty and investor confidence.

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12.4. Risks of unregulated or opaque use of AI in insolvency processes

Issue:

- Increasing use of AI tools for claim verification, valuation support, and decision assistance introduces risks relating to transparency, bias, explainability, and accountability. Unregulated reliance on AI outputs may compromise procedural fairness and undermine confidence in insolvency outcomes.

Recommendations:

- **Establishment of regulatory guardrails for AI use:** Clear regulatory guardrails should be established specifying permissible uses of AI in insolvency processes. AI should be positioned strictly as a decision-support tool, not a substitute for professional or judicial judgment.
- **Mandatory explainability and auditability standards:** AI tools used in insolvency proceedings should comply with explainability and auditability standards, enabling stakeholders and adjudicating authorities to understand how outputs are generated.
- **Human accountability for AI-assisted decisions:** Responsibility and accountability for decisions must remain with insolvency professionals and adjudicating authorities. Explicit recognition of human accountability will prevent abdication of responsibility to opaque systems.

12.5. Digital infrastructure gaps across insolvency ecosystem

Issue:

- The insolvency ecosystem currently operates on fragmented digital platforms, resulting in inefficiencies, duplication of effort, and information silos. Absence of an integrated digital infrastructure limits transparency, coordination, and real-time monitoring of insolvency processes.

Recommendations:

- **Development of an integrated National Insolvency Digital Platform:** A unified national digital platform linking adjudicating authorities, insolvency professionals, creditors, regulators, and information utilities should be developed. Such integration would streamline processes and improve transparency.
- **End-to-end digitisation of insolvency lifecycle:** Digitisation should extend across the entire insolvency lifecycle, including filings, claims management, voting, monitoring, and reporting. End-to-end digitisation would significantly reduce procedural delays.
- **Cybersecurity and data integrity safeguards:** Robust cybersecurity protocols must be embedded within digital infrastructure to protect sensitive insolvency data and maintain trust in digital systems.

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12.6. Skill gaps and capacity constraints in technology-enabled insolvency

Issue:

- The growing role of technology and AI in insolvency processes has outpaced the skill development of many professionals and institutions. Inadequate technological literacy risks misuse, underutilisation, or overreliance on digital tools.

Recommendations:

- **Technology-focused capacity building programmes:** Structured training programmes should be introduced to enhance digital and AI literacy among insolvency professionals, valuers, creditors, and adjudicators.
- **Certification and continuous learning frameworks:** Certification and continuous professional development frameworks may incorporate mandatory technology modules to ensure sustained capability development.
- **Cross-disciplinary collaboration:** Encouraging collaboration between insolvency professionals, technologists, and data experts would improve the practical application of technology in insolvency.

12.7. Risk of technology-induced inequality and access barriers

Issue:

- Rapid digitisation and technology adoption may inadvertently disadvantage smaller creditors, MSMEs, and stakeholders lacking technological access or literacy. Such exclusion risks undermining fairness and inclusivity in insolvency processes.

Recommendations:

- **Inclusive design of digital insolvency platforms:** Digital platforms should be designed to be user-friendly, accessible, and inclusive, ensuring participation of all stakeholder categories regardless of scale or sophistication.
- **Assisted access and support mechanisms:** Assisted access mechanisms, helpdesks, and guided interfaces should be introduced to support smaller stakeholders in navigating digital insolvency processes.
- **Continuous monitoring of access and equity outcomes:** Regular assessment of technology adoption impacts on stakeholder participation should be undertaken to prevent exclusionary outcomes.

12.8. Future-proofing the Insolvency framework against emerging technologies

Issue:

- Emerging technologies will continue to reshape business models, asset composition, and risk profiles. Without proactive adaptation, the insolvency framework risks becoming misaligned with economic realities.

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Recommendations:

- **Continuous technology impact assessment mechanism:** A permanent mechanism may be instituted to assess the impact of emerging technologies on insolvency processes, valuation, and resolution outcomes.
- **Adaptive and principle-based regulatory design:** Regulation should remain adaptive and principle-based, allowing a timely response to technological change without frequent statutory overhaul.
- **Institutionalized stakeholder engagement on technology risks:** Ongoing engagement with technology experts, industry participants, and professionals would ensure that insolvency policy remains responsive and f ture-ready.

13. Transition to IBC 2.0

13.1. Challenges in Transitioning to IBC 2.0

Issue:

- The proposed Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (IBC 2.0) introduces significant procedural and substantive reforms. However, transition to the new regime poses challenges relating to interpretational uncertainty, readiness of institutions, and alignment of subordinate legislation.

Recommendations:

- **Phased and calibrated implementation strategy:** IBC 2.0 reforms should be implemented through a phased and calibrated approach, allowing institutions and professionals to adapt without disrupting ongoing proceedings. Transitional provisions should clearly specify applicability to pending and future cases. A phased approach would reduce uncertainty and minimise litigation risk.
- **Timely issuance of subordinate legislation and guidance:** Rules, regulations, and clarificatory guidance supporting IBC 2.0 should be issued promptly and in a coordinated manner. Delays in subordinate legislation often undermine the effectiveness of statutory amendments and create interpretational gaps. Early issuance of guidance would enhance predictability and compliance.
- **Stakeholder consultation and feedback integration:** Structured stakeholder consultation mechanisms should accompany the rollout of IBC 2.0 reforms. Continuous feedback from practitioners, creditors, and adjudicating authorities would allow course correction and refinement of the framework based on ground realities.

13.2. Risk of regulatory and procedural over-complexity under IBC 2.0

Issue:

- While IBC 2.0 aims to enhance efficiency and flexibility, there is a risk that excessive procedural layering and compliance requirements may increase complexity and inadvertently slow down resolution processes. Over-regulation may dilute the commercial and time-bound ethos of the insolvency framework.

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Recommendations:

- **Maintaining a principle-based regulatory approach:** Regulatory design under IBC 2.0 should remain principle-based rather than overly prescriptive. This would preserve flexibility, allow professional judgment, and prevent procedural rigidity from stifling resolution innovation.
- **Periodic impact assessment of new provisions:** New provisions introduced under IBC 2.0 should be subject to periodic impact assessment to evaluate their effect on timelines, costs, and resolution outcomes. An evidence-based review would enable timely course correction.
- **Alignment of regulation with resolution objectives:** All procedural and regulatory requirements should be continuously evaluated against the core objectives of the Code, timely resolution and value maximisation. Measures that do not materially advance these objectives should be reconsidered.

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