



PRESS RELEASE

IIPI's Study Group Report Highlights Contribution of Insolvency Professionals in Resolution Under the IBC

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Insolvency Professionals (IPs) are considered as the key pillar of insolvency regime in India as they play a critical role and contribute significantly in the context of corporate insolvency resolution processes and liquidation processes under IBC. To appreciate and critically analyse the reasons of time delays and haircuts along with the extent to which these are attributable to the roles of IPs, Indian Institute of Insolvency Professionals of ICAI (IIPI) recently constituted a Study Group on 'Contribution of Insolvency Professionals in Resolution under IBC' under the Chairmanship of CA. Subodh Agarwal, Past President- The Institute of Chartered Accountants of India (ICAI), and an experienced Insolvency Professional (IP). The report of the said study group has been recently released and published by IIPI.

“The publication is aimed at highlighting positive work and contribution of IPs in carrying out resolutions under IBC processes and examine the problems faced by IPs in capacity of IRP/RP/Liquidator in executing their duties/ responsibilities backed by analysis of relevant data,” said Dr. Ashok Haldia, Chairman, IIPI-Board. He further added, “The report also highlights the contribution of IPs outside the IBC processes, in setting cases and supporting rescue efforts. The draft report was widely discussed and deliberated among a group of IPs and other experts, before finalization”.

The Study Group Report presents a critical perspective on the contributions and role of an IP in reference to (a) Stakeholders awareness and improvements in Financial Governance frameworks; (b) Timelines of Resolution Process; (c) Timelines of Liquidation Process; (d) Value Maximization in Resolution; and (e) Value Maximization in Liquidation. To support the study with credible data about reasons of delays, etc., a survey was conducted among IPs to gauge their experiences across

Registered Office: 'ICAI Bhawan', Post Box No. 7100,
Indraprastha Marg, New Delhi-110022. Phone: +91-120-3045960
Email: ipa@icai.in

Admin Office: 'ICAI Bhawan', 8th Floor, Hostel Block,
A-29, Sector-62, Noida-201309, Phone: 0120-2975680/81/82/83
Website: www.iiipicai.in



cases handled by them. The survey's results underscored the reasons leading to time delays and haircut, with key findings as follows:

- 92% IPs agreed that cases are not completed within 365 days.
- 87% IPs agreed that there is a delay in adjudication process under Avoidance Transaction i.e. Preferential, Undervalued, Fraudulent and Extortionate (PUFE) transactions.
- 73% of the respondents agreed there is significant delay in admission of cases.
- 60% of IPs highlighted significant lack of cooperation from existing management of CD.
- In 50% of cases CoC provided supportive role.
- 38% of IPs agreed that there are frivolous litigations filed by the stakeholders.

The Study Report also notes that on an average Adjudicating Authorities take 138 days to approve a Resolution Plan from the date an application is submitted by the Resolution Professional, against the model timeline of 15 days provided in the regulations. The report highlights various bottlenecks faced during the resolution processes and also makes recommendations to address the same. The recommendations are primarily in the context of improving resolution/liquidation processes, adjudication process, coordination with CoC and stakeholders.

The Study Group consisted of seven members having rich experience in managing CIRPs and liquidations and has attempted to develop a comprehensive document on the subject after wider consultation intra-group and with other stakeholders.

ease click here to access the “Study Group Report on Contribution of Insolvency Professionals in Resolution under IBC” (<https://www.iiipicai.in/wp-content/uploads/2023/10/Final-Report-on-Contribution-of-IPs-in-resolution-under-IBC-1.pdf>)

About IIPI

Indian Institute of Insolvency Professionals of ICAI (IIPI), promoted by the Institute of Chartered Accountants of India (ICAI) is the largest frontline regulator under IBC in India with about 63% of Insolvency Professionals as its Members. IIPI actively works under the aegis of Insolvency and Bankruptcy Board of India (IBBI) to build professionals' capacity and provide policy inputs to regulators. Website: <https://www.iiipicai.in/>

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INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI
इंडियन इन्स्टीट्यूट ऑफ इनसोल्वेंसी प्रोफेशनल्स ऑफ आई.सी.ए.आई.

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For further details, please contact

Siddheshwar Shukla,

Public Relations Officer
Indian Institute of Insolvency Professionals of ICAI (IIPI)
08th Floor, Hotel Block, ICAI Bhawan
A-29, Sector 62, Noida:201309
Phone: 0120-2975680/81/82/83
Mob: 8860782379
Website: <https://www.iiipicai.in/>

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