



## PRESS RELEASE

### **IIPI develops Template for Insolvency Professionals to report Avoidance Transactions to NCLT**

**New Delhi/ 14<sup>th</sup> June 2024**

Indian Institute of Insolvency Professionals of ICAI (IIPI) has designed a “Template for forming opinion on avoidance transactions” in companies undergoing insolvency processes under IBC and filing the same to NCLT. The ‘Template’ is aimed to facilitate the filing of Avoidance Transaction petitions before NCLTs, ensure uniformity and in expediting decision-making process in the court which shall ultimately enhance recovery by creditors.

The said ‘Template’ was developed by a Study Group constituted by IIPI in the Chairmanship of CA. Subodh Agarwal, Past-President of ICAI, after consultations with group members, experts and stakeholders. “The adoption of such template by IPs would enhance the quality of findings, applications, and outcomes in the context of avoidance transactions. This would not only improve the efficiencies in the ecosystem but also help maximising the value by clawing back the dues from avoidance transactions under IBC,” said Dr. Ashok Haldia, Chairman, IIPI-Board.

Under the IBC, Avoidance Transactions are essentially transactions undertaken by the Corporate Debtor prior to the initiation of the insolvency process to defraud its creditors or to benefit related parties, etc. These are of four types – Preferential, Undervalued, Fraudulent, and Extortionate (PUFE) Transactions. The responsibilities of Resolution Professional /Liquidator include, inter alia, forming opinion, determining the amounts involved and filing application to Adjudicating Authority in respect of such PUFE transactions.

As per the latest data of Insolvency and Bankruptcy Board of India (IBBI), till March 2024 a total of 1237 Avoidance Transaction applications amounting ₹3.7 lakh crore were filed before NCLT, out of which only 292 applications amounting ₹51,738 crore were disposed by the court through which only ₹6,599 crore were recovered by creditors. The long pendency of Avoidance Transaction petitions and low recovery has been a serious concern across stakeholders.

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### 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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