



**RESEARCH REPORT
ON
TIMELY TURNAROUND:
BOTTLENECKS IN CIRP AND LIQUIDATION
UNDER IBC CASE STUDIES**

Study By
Indian Institute of Insolvency Professionals of ICAI (IIIPI)



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NEW DELHI



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FOREWORD

The Insolvency and Bankruptcy Code (IBC), introduced in 2016, has been a significant reform in India's insolvency and bankruptcy framework. The new law has aimed to consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms, and individuals in a time-bound manner. It heralded a departure from erstwhile recovery mechanism and establishing mechanism to revive, resolve and reorganize the ailing or distressed debtors.

However, the implementation of IBC has faced several challenges, particularly related to delays in the corporate insolvency resolution process (CIRP) and liquidation proceedings. These delays can have significant consequences, including erosion of the value of the distressed assets, increased costs, and uncertainty for stakeholders.

IIPII commenced the study (in house) on Timely Turnaround: bottlenecks in CIRP and Liquidation under IBC- case studies This study report provides a comprehensive analysis of the key factors contributing to the delays encountered during CIRP and liquidation under the IBC. It examines the various stages of the insolvency proceedings, the institutional framework, and the role of different stakeholders in causing and addressing these delays.

The findings and recommendations presented in this report are based on in-depth study on real-life cases, data analysis, and inputs from subject matter experts. Such research/study endeavours to understand root causes of the problem and creating solutions.

I hope this will go a long way in enhancing the capacity of IPs and stakeholders alike. I put on record my sincere appreciation to professional members of IIPII, viz. CA Abhilash Lal, CA Anil Kohli, CA Anuj Jain, and CA K.V. Jain for contributing these case studies. I also appreciate valuable inputs given by the Advisory Committee of IIPII, chaired by CA Subodh Agarwal for improving the outcomes.

I also extend my appreciation to CA. Rahul Madan, Managing Director and CS Sakshi Aggarwal, Research Officer, of IIPII for bringing out this publication. I am sure this publication would be of great help to the IPs and other stakeholders.

Date: 31st July 2024

Place: New Delhi

Dr. Ashok Haldia,

Chairman, IIPII-Governing Board

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ABBREVIATIONS

AA	Adjudicating Authority
AR	Authorised Representative
CD	Corporate Debtor
CIRP	Corporate Insolvency Resolution Process
IBBI	Insolvency and Bankruptcy Board of India
IBC / Code	Insolvency and Bankruptcy Code 2016
ICD	Insolvency Commencement Date
IP	Insolvency Professional
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
RP	Resolution Professional
SC	Supreme Court

Research Report on Timely Turnaround: Bottlenecks in Cirp and Liquidation Under IBC Case Studies

1. Background & Rationale

Insolvency and Bankruptcy Code, 2016 (the Code) has been a breakthrough reform to resolve financial distress in Indian economy. It heralded a departure from erstwhile recovery mechanism and establishing mechanism to revive, resolve and reorganize the ailing or distressed debtors. One of the key features of the IBC, which distinguishes it from its predecessors, is the 'time-bound' resolution of the debts of the corporate debtor.

As per the Code, the procedure involved in the Corporate Insolvency Resolution Procedure (CIRP) should be completed within 180 days or within the extended period of 90 days and mandatorily be completed within 330 days including any extension and the time taken in legal proceedings. In short, the resolution procedure should be completed within 330 days, failing which the Adjudicating Authority may initiate liquidation procedure under Chapter III of the Code.

The Preamble of the Code defines its scope as "An Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto."

So far, insolvency law in India has helped resolve about 800 cases in seven years, taking on average over 850 days per case. Currently there are about 2000 cases undergoing CIRP at various stages. However, of these 2000 ongoing CIRPs, 76% of the cases have exceeded timeline of one year. Further, 56% of such cases have exceeded 3 years' timeline, which is quite alarming. Average resolution period being much higher than the stipulated 330 days poses challenges in tackling stressed companies in a time-bound manner. The model timelines for various processes have been prescribed in Reg. 40A of IBBI (CIRP) Regulations. The timeline prescribed for liquidation process is one year which, however, is directory and may be extended with approval from AA. However, till September 2023, the average time taken in a CIRP is 652 days (867 days for CIRPs in current year, FY 2023-24) whereas in case of liquidation it takes 472 days for yielding a liquidation order. Further, to conclude a liquidation process, it takes 536 days. Any delay whether in admission of a case or during resolution period, results in erosion in value of the assets. Experts opine that litigations, shortage of manpower at the National Company Law Tribunal (NCLT) benches, infrastructure woes and the pandemic-induced disruptions have adversely impacted the envisaged time-bound resolution process, resulting in delays.

The IP profession is a critical part of ecosystem and key driver under the code tasked with key roles and responsibilities of managing the debtor as a going concern, enabling the resolution / liquidation process and value maximisation in a time bound manner for the various stakeholders in the process. IPs act in unison with many verticals in the ecosystem and share the success (or otherwise) with such other verticals.

The success of any Insolvency Resolution process or Liquidation process is measured primarily in terms of the expeditious closure and the value recoveries in such process. Despite of having bottleneckss, like lack of cooperation from promoters, delays in adjudication process etc, the value recoveries in any resolution or liquidation process, to a great extent, like, till December'23, the creditors have realised Rs. 3.21lakh crore under the resolution plans. The creditors have realised 168.64% of the liquidation value and 86.58% of the fair value.

While value recoveries and timely closures are indeed significant indicators, it may also be necessary to appreciate the impact of Code on the entire Indian ecosystem including its ability to strengthen the present and future financial governance frameworks in the Country. The role of the IPs, regarded as the key drivers of the processes, in these aspects needs to be underscored.

The code has undoubtedly brought about a revolutionary change in borrower's behaviour and corporate borrowing. However, delays in resolution continue to be a major cause for concern in solving insolvency and bankruptcy disputes. Delay in resolution of cases has been one of the drawbacks in the implementation of the code. This has led to long drawn legal processes, large haircuts taken by creditors, pendency of cases for a long period besides resulting in deterioration of value of assets due to lapse of time.

In view of this backdrop and pressing need to understand the reasons of delays in detail, Indian Institute of Insolvency Professionals of ICAI (IIPI) has carried out a study of a few ongoing CIRP and liquidation cases, following an empirical case-study based approach.

2. Objectives of Study

- The study has been undertaken with the following objectives:
- To conduct the study of the live/ongoing cases collected on the sample basis and bring out the issues for delays encountered during CIRPs and Liquidation.
- To examine and analyze the issues/bottlenecks faced by Insolvency professionals during their assignment of CIRP and Liquidation.
- To provide way forward for speedier insolvency resolution or Liquidation process under IBC.

3. Methodology and Scope of Study

The methodology adopted for the study is comparative, analytical, and empirical, based on real-life ongoing CIRP/Liquidation cases study. It has been considered that issues faced across CIRP may be substantively different from those faced during Liquidation, hence cases across both the categories need to be examined. While selecting the sample of cases, 2 nos. in each category, due consideration has been given to cases' size, complexity and extent of delays experienced therein.

The scope of study included identification of cases along with concerned IPs as RP/Liquidator, designing of questionnaire to obtain the required information from these professionals. The questionnaire was designed with an objective to draw comparison of the actual timeline of the CIRP/Liquidation versus that prescribed under the law and/or regulations. The concerned professionals (IPs) were then required to critically compare and analyse the incidence of delays and underlying reasons, before suggesting a way forward for improving outcomes, etc.

The selected cases viz. two cases under each category of CIRP and Liquidation process are as follows. Real names of the CD have been obfuscated for the purpose of maintaining confidentiality.

Name of CD	Status
CASE I	Under CIRP
CASE II	Under CIRP
CASE III	Under Liquidation
CASE IV	Under Liquidation

4. Summary of the Responses submitted by RPs/Liquidators

The detailed responses received from RPs/Liquidators in respect of four cases comprising two each of CIRP and Liquidation Process, have been duly analysed. Such responses delve into incidence and reasons for delay for various processes referring to model timeline as per CIRP Regulation 40 A. Real names of the CD and RP/Liquidators have been obfuscated for the purpose of maintaining confidentiality. Such responses, in a summarized form, have been tabulated as below:

A. Summary of Case I (CIRP)

S.No.	Particulars	Remarks
1	Name of the CD	ABC Ltd.
2	Nature of Assignment	CIRP
3	Industry	Real Estate Industry

4	No. of Locations	5 - Land Parcels
5	No. of FCs	21,520
6	Amount of Claims (FCs)	Rs. 22,619 crores
7	No. of OCs	7
8	Amount of Claims (OCs)	Rs. 464 crores
9	Fair Value of Business/Assets	Valuation-I- Rs. 24,866 cr. Valuation-II - Rs.26,339 cr.
10	Liquidation Value of Business/Assets	Valuation-I – Rs. 17,876 cr. Valuation-II - Rs. 17,658 cr
11	ICD	Aug'2018
12	No. of days taken till cut-off date(30.09.2023)	1878 days
13	The delay beyond 270 days	1608 days
14	Time taken in Litigation	1520 days

Stagewise Time Consumed

Stage	Prescribed Timeline	Actual Time taken	Delays
From ICD – Constitution of CoC	T+23	T+27	Delay by 4 days. CoC was Re-constituted from time to time as claims from class of creditors including home buyers and fixed deposit holders continue to be received on regular basis.
From CoC constitution - Issue of RFRP	T+105	T+140	Delay by 35 days. The CoC members could not come to a consensus on the Evaluation Matrix due to various suggestions made by authorised representative which were not acceptable to other CoC members. Thus Evaluation Matrix and Process Note could not be finalized and put to vote for approval of CoC members within the time limit.

From RFRP to CoC Approval of Resolution plan	T+165	T+881	Delay by 717 days. The final date for submitting resolution plans was extended by the CoC from time to time on account of clarifications/negotiations and at the request for extension of time received from Resolution Applicants to submit revised resolution plan.
From COC Approval to Approval of Plan by AA	T+180	T+1878	Delay by 1698 days. Resolution Plan has not been approved yet, due to litigations up to Hon'ble Supreme Court.

B. Summary of Case II (CIRP)

S.No.	Particulars	Remarks
1	Name of the CD	XYZ Ltd.
2	Nature of Assignment	CIRP
3	Industry	Health care Industry
4	No. of Locations	2
5	No. of FCs	10
6	Amount of Claims(FCs)	Rs. 1,273.31 crore
7	No. of OCs	989
8	Amount of Claims(OCs)	Rs. 88.59 crore
9	Fair Value of Business/Assets	Not in public domain, confidential
10	Liquidation Value of Business/ Assets	Not in public domain, confidential
11	ICD	March'2018
12	No. of days taken till cut-off date(30.09.2023)	2027 days
13	The delay beyond 270 days	1757 days
14	Time taken in Litigation	1405 days

Stagewise Time Consumed

Stage	Prescribed Timeline	Actual Time taken	Delays
From ICD – Constitution of CoC	T+23	T+25 days	Delay of 2 days. Due to logistical time taken in preparation and filing of report and intervening weekend
From CoC constitution - Issue of RFRP	T+105	T+105	No Delay Not applicable at that time. However, RFRP was issued to applicants within 5 days from the preparation of Provisional List of RAs by RP.
From RFRP to CoC Approval of Resolution plan	T+165	T+178 days	Delay of 7 days. Time taken by COC to approve the plan. As per the IBC, this was the first case to be submitted to the AA within 178 days after approval by 100% of the CoC
From COC Approval to Approval of Plan by AA	T+180	T+2027	Delay of 1847 days. Plan was approved by NCLT. However same was challenged due to pending litigations with Hon'ble High Court and Hon'ble Supreme Court.

C. Summary of Case III (Liquidation)

S.No.	Particulars	Remarks
1	Name of the CD	SUV Ltd.
2	Nature of Assignment	Liquidation
3	Industry	Automobile Industry
4	No. of Locations	Immovable Assets- 2 Inventories
5	No. of FCs	2- Sec. FC 38 Un. Sec. FC
6	Amount of Claims(FCs)	Rs. 26.18 cr.
7	No. of OCs	1

8	Amount of Claims(OCs)	Rs. 1.64 lacs
9	Fair Value of Business/Assets	Valuation-I - 22.26 cr. Valuation-II - 21.23 cr.
10	Liquidation Value of Business/Assets	15.95 cr.
11	ICD	March'2017
12	No. of days taken till cut-off date(30.09.2023)	2297 days
13	The delay beyond 270 days	2027 days
14	Time taken in Litigation	2297 days
15	Dt. Of Liquidation Order	Sept'2017
16	No. of days since Liq. Order till cut off (30.09.2023)	2209 days
17	The delays beyond one year since Liquidation	1844 days
18	Time taken Liqn.(before order of Liquidation)	187 days

Stagewise Time Consumed

Stage	Prescribed Timeline	Actual Time taken	Delays
From LCD – Constitution of SCC	T+60	Not Applicable at that time.	Delay cannot be considered as there is no need to have SCC at that time.
Submission of progress report alongwith Sales Report.	Q1+15 Q2+15 Q3+15 Q4+15	Within time period	Updated progress reports were submitted within the time period by the Liquidator.
Distribution of the proceeds to the stakeholders	Date of Realisation +90 days	Distribution has not been made till date.	Delay of 2297 days Litigations are going on, therefore no realisation and distribution by the Liquidator.
Liquidation of Corporate debtor	T+365 days	No conclusion of Liquidation of the CD.	Delay of 2224 days Litigations are going on, therefore, No dissolution of the Corporate Debtor.

D. Summary of Case IV (Liquidation)

S.No.	Particulars	Remarks
1	Name of the CD	GHI Ltd.
2	Nature of Assignment	Liquidation
3	Industry	Manufacturing
4	No. of Locations	2
5	No. of Secured FCs	10
6	Amount of Claims (Secured FCs)	Rs.3462.36 cr.
7	No. of Unsecured FCs	10
8	Amount of Claims (Unsecured FCs)	Rs. 2552.17 cr.
9	No. of OCs	2471
10	Amount of Claims(OCs)	Rs. 463.49 cr
11	Fair Value of Business/Assets	Rs. 745.67 cr
12	Liquidation Value of Business/Assets	Rs. 380.53 cr
13	ICD	Nov' 2017
14	No. of days taken till cut-off date(30.09.2023)	2146 days
15.	The delay beyond 270 days	1876 days
16	Time taken in Litigation	2146 days
17	Dt. Of Liquidation Order	Sept' 2018
18	No. of days since Liq. Order till cut off (30.09.2023)	1836 days
19	The delays beyond one year since Liquidation	1471
20	Time taken Liqn. (before order of Liquidation)	310 days

Stagewise Time Consumed

Stage	Prescribed Timeline	Actual Time taken	Delays
From ICD – Constitution of SCC	T+60	Not Applicable at that time.	Delay cannot be calculated as no time line was prescribed.
Submission of progress report alongwith Sales Report.	Q1+15 Q2+15 Q3+15 Q4+15	Within time period	Updated progress reports were submitted within the time period by the Liquidator

Distribution of the proceeds to the stakeholders	Date of Realisation +90	i.) Provision for Distribution within 3 months introduced vide Notification No. IBBI/2019-20/ GN/REG047 dated 25th July, 2019. ii.) Total of Rs. 369 Cr. Realised and distributed as per provisions of Code and Liquidation Process Regulation	Done within the time period.
Liquidation of Corporate debtor	T+365	Not yet done. Application was filed for extension of period.	Delays were due to Litigations on Land parcels

5. Analysis and Way Forward:

The case-wise analysis of CIRP and Liquidations cases as noted above, read with detailed annexures, provide insights into the respective cases with respect to extent of stage-wise delays. The reasons, which could be varied depending upon the circumstances of each case, for the purpose of analysis, have been clubbed across CIRP and Liquidation processes, as mentioned below.

5.1. Analysing Reasons of Delays

a. Non-cooperation from the Erstwhile Management:

It has been noticed that by and large, the cooperation from CD's erstwhile management/personnel is lacking. Due to non-cooperation from the CD's management / employees, RPs are unable to get the proper information about the records of CD. As a result, RP's experience great amount of difficulty in taking control, running the CD as going concern and completing the CIRP process on time. Other consequences include erosion of the value of the assets with passage of time.

The IBC provides under section 19(2) for filing application by an RP to AA for complaining against the erring management personnel and seeking necessary

directions from the AA. It has been found that these legal proceedings take significant amount of time besides triggering counter litigations and complaints adding to further delays. Moreover, wherever directions from AA have been available, the said support is generally unavailable in letter and spirit.

b. Interface with COC Members:

Due to non-availability of all the members of COC, convening the meeting and to take timely decision is a difficult task. The law provides for decisions by COC on all critical matters through voting by FCs, while some members (like OCs with significant share in debt) and erstwhile management can only participate in proceedings of COC. The role of RP is envisaged as more of the trustee, coordinator, and guide to the COC. The issues faced by RPs with respect to COC include:

- Delays by COC members in voting on key matters.
- Disputes/Litigation by COC Members related to inter-creditors' issues.
- Voting is usually preceded by internal decisions by COC member banks/institutions which take time.
- Bank-wise panels of RPs could be different leading to disagreement over IRP/RP's appointment.
- Delays by COC on decisions of fixing of RP's fees and/or releasing of such fee.
- COC's dispute with RP leading to latter's replacement by COC and/or consequent litigation.

c. Adjudication Process Related Delays:

Number of applications for admission, for inter-locutory matters, and for appeals at NCLT and NCLAT, have increased over the time and adjudication of any application following due and equitable process, takes time. Often, competing party are involved in disputes triggering litigations which may be frivolous at times. The issues at the core of the matter are summarized as follows:

- Delays in listing of petitions on critical matters, which add to process-related delays. This includes delays on account of filings where defects are detected later by the NCLT registry requiring multiple filings and consequent delays.
- Despite listing in the cause list, the matter may not come up for hearing, leading to RPs/Liquidators spending infructuous time and effort, which could be invested constructively elsewhere.
- Delay in uploading of admission/other orders at NCLT portal, leading to delayed action thereby especially where detailed orders are involved.

- Significant delays and little outcome on avoidance transactions related proceedings. In respect of after and results in delay for the approval of Resolution plan.
- In the matters requiring punitive action against any erring stakeholder, NCLT often directs for separate proceedings in Special Courts (under the Companies Act, 2013) which takes its own time with delayed outcomes.

d. Lack of awareness among statutory departments/ enforcement agencies:

It has been noticed that despite the onset of moratorium against statutory proceedings as enshrined in the IBC law, initiation of the proceedings by various statutory bodies is common. Such agencies like Income Tax/GST, EPFO, Customs, etc., at times, issue notices to RP/Liquidator requiring the latter to appear/defend such proceedings which hamper the timelines of CIRP/Liquidation.

Moreover, enforcement agencies like SFIO, ED, CBI, etc. also involve RPs/ Liquidators in respect of past actions of CD at the behest of its erstwhile ownership/management. This creates strain on RP/Liquidator's schedule, given the tight timelines of the processes.

e. Lack of Adequate Information Utilities and/or Technology Solutions:

The non-availability or delayed availability of the information in respect of CD's finances, claimants, security details, books of accounts and financial statements may impede resolution and compromise the objective of value maximisation. Asymmetry of information may contribute to uneven sharing of the value. Currently there are insufficient integrated technology solutions and dedicated information utilities in the sector, add to the problems.

f. Issues specific to Liquidation Process:

- Multiple or delayed filing of claims by stakeholders cause avoidable delays in the liquidation process.
- For business sold as going concern besides lack of clarity on the process to be followed, it is currently not possible to claim set-off of loss in business under Income Tax Act, whereas the same is possible if such business is sold under CIRP. Necessary amendments may have to be introduced in the Income Tax Act to enable such benefit.
- Coordination issues across varied class of Stakeholders' consultation committee (SCC) causing delays.
- The disposal of 'not readily realizable assets' (NRRRA) in liquidation becomes tedious and time consuming in view of certain regulatory conditions as applicable currently.

- Pending disposal of PUEF proceedings, it becomes difficult to conclude liquidation process and go in for dissolution. Clarity on, how to continue with such recovery proceedings even after liquidation/dissolution, may be provided through regulatory amendments.

5.2. Suggestions on the Way Forward:

a. Improving Interface with CD's Erstwhile Ownership/Management:

- Information flow in respect of CD's books/accounts, records, financial statements, may be improved by requiring concerned agencies like auditors, creditors, statutory/regulatory authorities to share relevant information on the CD, including in respect of PUEF transactions.
- In addition to proceedings for non-cooperation u/s 19(2) of IBC, stiff penalties for non-cooperation by CD's ownership/management may be introduced, including disqualification for directorship in future. Erring CD's erstwhile management may not be allowed to participate in the COC.

b. Improving Interface with COC:

IBC envisages a 'creditor in control' (of CD) led model as compared to a 'debtor-in-possession' model giving COC many powers as an overarching framework. As enunciated in several Court pronouncements including that by Hon'ble SC in the case of Essar Steel Ltd., commercial wisdom of COC takes the precedence in all important matters of CIRP and running the CD's business as going concern. Therefore, timely decision by COC is one of the critical elements and a sine-quo-non for successful completion of any CIRP. Acknowledging this criticality, IBBI (CIRP) Regulations have recently (in Sept.' 2022) been modified allowing information to be sought (by RP) from creditors in format and timeframe as deemed necessary. Further suggestions to improve the interface with COC, are as follows:

- Empowering the representatives of Banks/FIs sufficiently and in advance, to be able to take decisions and vote in COC meetings, on the matters listed in agenda of such meetings.
- Prompt and time-bound voting on new matters, if any, which require further deliberations by the higher authorities of COC members.
- A code of conduct, voluntary to start with and mandatory later by way of regulations, may be introduced in consultation with banks/Fis. This would facilitate timely decisions/actions in the letter and spirit of law.
- While fixing remuneration of RP, adequate consideration may be given by COC to the experience and other qualitative aspects, beyond just monetary considerations.

- The practice of having bank-wise panel of IPs may be discontinued. Instead, vacancy for any professional assignment may be publicised through IBBI specifying certain criteria in respect of experience, etc.

c. **Improving outcomes of Adjudicating Proceedings:**

In the context IBC serving multiple stakeholders, the law envisages non-adversarial mechanism as ‘in rem’ proceedings rather than ‘in personam’ proceedings. However, given the nature of insolvency proceedings, more often than not, the competing parties get involved in disputes requiring legal intervention following principles of equity. With the concerted efforts of stakeholders, recent steps taken by the Government include enhancing strength of benches in NCLT besides digitising the filing and hearing process. Further suggestions to improve the legal interface are as follows:

- Integrated/seamless connectivity with IBBI/IU portals (including case management software) for virtual filing, retrieval of records/orders and hearing.
- Timely availability of orders upon finalization by NCLT.
- Court orders may be finalized/issued based on pre-determined short-format templates rather than lengthy ones.
- Adoption of Alternative Dispute Resolution (ADR) mechanism, like ‘mediation’ being a largely out of court process, in the context of IBC through necessary amendments. Mediation mechanism has been tested successfully in some of the developed markets. The obvious benefits include cost and time effective process, unburdening the judiciary, agreements to be acknowledged by Courts, etc. The added advantage of ADR mechanism can come from availability of pleadings, documents/reports, and expert opinions to NCLT benches. In India, appreciating the need for mediation to resolve civil disputes, commercial or otherwise, ‘The Mediation Act, 2023’ has been enacted by the Parliament on 14th September 2023. The objective of this Act is to promote and facilitate mediation, especially institutional mediation, for resolution of disputes, commercial or otherwise. However, as a way forward, IBC would need to be amended for formal recognition of Mediation process under the law.
- Promoting pre-pack insolvency, being largely an out of court process. Further, as this process is currently applicable for MSMEs, the same may be extended to larger corporate segment.
- Specialized NCLT benches may be constituted from time to time, to bring extra focus on pressing matters like resolution plan, avoidance transactions, etc.

- Delegating some of routine matters currently requiring approval/consent of AA, to RP/Liquidator as the officer of the Court. Such actions taken without involving judiciary upfront, may be placed for information to AA in a time bound manner.
- Sufficient deterrents to be built in to dissuade frivolous litigation by the stakeholders, including allowing AA to impose punitive levies on the erring stakeholders.

d. Other/Miscellaneous Suggestions:

- Adoption of integrated case management software allowing various pillars to interact in a faceless and paperless technological environment, boosting efficiencies and promoting single source of truth across various processes.
- Enhancing awareness of statutory authorities and the enforcement agencies in respect of processes under IBC. Moreover, for improving turnaround time across statutory departments, a nodal officer, on the lines of recent decision by GST Dept., may be appointed by statutory authorities.
- Development of Stress Asset markets covering strategic investors on one side and financiers on the other and for bridging the information need of such market participants.
- A better coordination with sector regulator like RERA may be pursued.
- Adoption of Group insolvency features to tackle complexities in the case of inter-connected entities of the CD.
- Promoting litigation funding as the viable measure, on the lines of international best practices, for raising finance during CIRP/Liquidation.
- Clarity and flexibility may be provided in respect of 'Not Readily Realizable Assets' (NRRRA) sold/transferred under Liquidation process.
- Continuous capacity and knowhow building of stakeholders for sensitizing about common issues and solutions.

Conclusion

After seven years since inception of IBC, though the initial jurisprudence has been settled, a few grey areas remain to be addressed in the direction of improving overall outcome of IBC processes. Time being the essence of any resolution effort, a successful CIRP/liquidation process requires concerted focus and actions by various pillars or stakeholders, by following the law in letter and spirit. So far, insolvency law in India has helped resolve about 800 cases, taking on average 652 days (867 days for CIRPs in current year, FY 2023-24) per case. Currently there are about 2000 cases undergoing CIRP at various stages. However, of these 2000 ongoing CIRPs, 76% of the cases have exceeded timeline of one year. Further, 56% of such cases have exceeded 3 years' timeline, which is quite alarming. Average resolution period being much higher than the stipulated 330 days poses challenges in tackling stressed companies in a time-bound manner. In case of liquidation it has, so far, taken on an average 472 days for yielding a liquidation order. Moreover, against the model (though directory in nature) timeline of one year to conclude liquidation process, it has, so far, taken 536 days to conclude the liquidation process by submission of final report. As is well appreciated, any delay whether in admission of a case or during resolution/liquidation period, results in erosion in value of the assets.

In this context, this study evidently shows that the cases get delayed from timelines as prescribed under the code. Though RPs/Liquidators try and follow the timeliness as provided in the Code/regulations scrupulously, but the outcomes of their action(s) are dependent upon interface with other stakeholders, often not in their control. Therefore, issues have been identified across domains of engagement with erstwhile management, COC members, adjudicating authority, statutory authorities, etc. Likewise, suggestions for improving such interfaces have been compiled separately, as a way forward. Specific issues/suggestions in respect of liquidation process have also been identified. The findings and suggestions of this report may work as policy inputs and ready reference for tackling delays in CIRP and Liquidation processes.



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