



PRESS RELEASE

IIPI Research calls for resolving bottlenecks across domains for timely resolution of companies undergoing insolvency

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Indian Institute of Insolvency Professionals of ICAI (IIPI), in its recent in-house research, has identified bottlenecks across various areas pertaining to companies undergoing insolvency and liquidation such as erstwhile management, CoC, adjudicating authority, statutory authorities, etc. and recommended measures to address them for timely resolution and liquidation under the Insolvency and Bankruptcy Code 2016 (IBC).

The Research titled “Research Report on Timely Turnaround: Bottlenecks in CIRP and Liquidation Under IBC - Case Studies”, using a case-study based approach, provides a comprehensive analysis of the key factors contributing to the delays encountered during Corporate Insolvency Resolution Process (CIRP) and Liquidation under the IBC. It was observed that the Resolution Professionals (RPs)/ Liquidators try and follow the timeliness as provided in the IBC /IBBI Regulations scrupulously, but the outcomes of their action(s) are dependent upon interface with other stakeholders, often not in their control. “The findings and suggestions of this report may work as policy inputs and ready reference for tackling delays in CIRP and Liquidation processes. Besides, it will go a long way in enhancing the capacity of IPs and stakeholders alike,” said Dr. Ashok Haldia, Chairman, IIPI-Board.

The findings and recommendations presented in this report are based on in-depth study of real-life cases, data analysis, and inputs from subject matter experts. Some of the recommendations are as follows:

1. Information flow in respect of Corporate Debtor’s (CD’s) 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 (or Avoidance) transactions.
2. In addition to proceedings for non-cooperation u/s 19(2) of IBC, penalties for non-cooperation by CD’s ownership/management may be introduced.

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3. Enhancing awareness of statutory authorities and the enforcement agencies in respect of processes under IBC.
4. Court orders may be finalized/issued based on pre-determined short format templates rather than lengthy ones.
5. Adoption of Alternate Dispute Resolution (ADR) mechanism, like 'mediation' being a largely out of court process.
6. Promoting pre-pack insolvency, currently applicable for MSMEs, by extending it to larger corporate segment.
7. Specialized NCLT benches may be constituted from time to time, to bring extra focus on pressing matters like Resolution Plan, Avoidance Transactions, etc.
8. Delegating some of routine matters currently requiring approval/consent of AA, to RP/Liquidator as the officer of the Court.
9. Adoption of integrated case management software allowing various pillars to interact in a faceless and paperless technological environment.
10. 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.

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.

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